

CONGRESSIONAL DIGEST

The Pro and Con Monthly
March, 1932



Tariff, Politics and the 72d Congress

The Tariff in American Party History

Situation Today in Other Countries

Changes Proposed by the Democrats

- - Threshed out by Party Leaders

Protection vs. Free Trade Argued



News of the Month in Congress

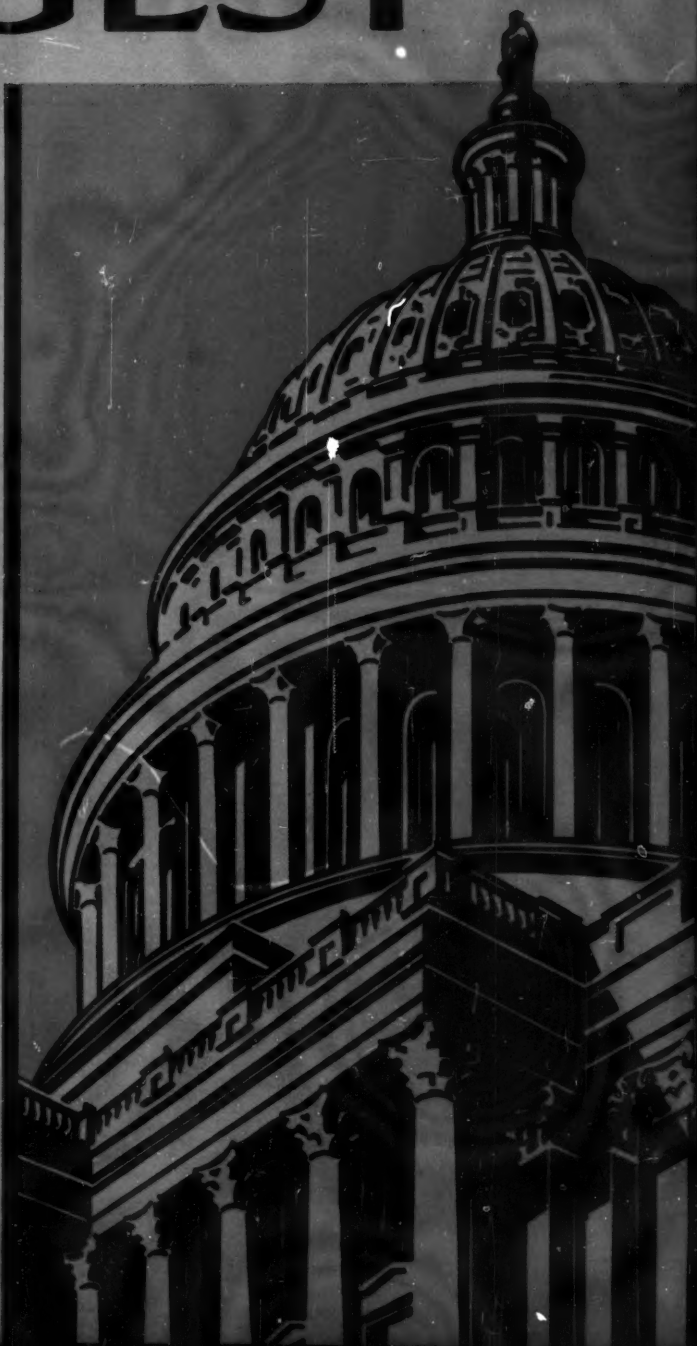
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How Uncle Sam's Laws are Made



WASHINGTON, D.C.

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The Congressional Digest

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The Congressional Digest

Vol. XI

No. 3

March, 1932



Tariff, Politics and the 72d Congress

Foreword

BECAUSE of their repeated declarations in favor of tariff reform, one of the first tasks that confronted the Democrats, when they obtained control of the House, was to reach a prompt decision as to their policy on this question.

During the consideration of the tariff legislation initiated by the Republicans in 1929, which resulted in the passage of the Smoot-Hawley bill, and during the Congressional campaign of 1930, the Democrats made the Republican tariff policy the main object of their attack. While the bill was under consideration the Democrats in both the House and the Senate fought it persistently and relentlessly. After it was passed they carried their attacks into the campaign and cited the American tariff as one of the leading causes of the economic depression.

Consequently, when they obtained control of the House and, with that control, assumed responsibility for the initiation of legislation, it was inevitable that the tariff be included in their legislative program.

Prior to the meeting of Congress the general prediction had been that the Democrats would attack the tariff issue by bringing in a series of separate bills aimed at certain specific items covered by the tariff. These piecemeal tariff revision measures are known as "pop gun" bills. They were employed by the Democrats when they took control of the House in 1911, during the latter half of the Taft Administration.

This time, however, the Democratic leaders decided against the "pop gun" system. After a careful consideration of the situation they found that, although they might be able to pass a few of these bills through the House and even, perhaps, through the Senate, with the aid of the insurgent Republicans, any such measures that might hurdle the various obstacles that would lie in their pathway through both houses of Congress would inevitably be vetoed by the President.

Furthermore, even assuming that such bills could be

put through Congress, a fight to put them through would be long-drawn-out. To conduct a long-drawn-out fight for the revision of a few tariff schedules did not strike the Democratic leaders as being wise.

Not only was there grave doubt in their thought as to the chances for success, but they realized that to open up a tariff discussion might lead to defections in their own ranks. Also, even if they could get one or more bills through Congress, only to have them vetoed by the President, they would risk being accused of playing politics with the tariff at a time when the cooperation of both major political parties was needed to deal with more pressing matters.

And yet the Democratic leaders felt that something must be done to carry out their campaign pledges to revise the tariff if they were placed in power. So they decided to present a bill which would be the entering wedge toward tariff reform but which at the same time would, in their opinion, do as little as possible toward upsetting the industrial fabric.

To accomplish this they wrote a bill designed to revise the administrative functions of the United States Tariff Commission and to authorize the calling of an international conference on the tariff, leaving any revision of the existing tariff rates to the future.

Under an Act of September 8, 1916, Congress created the United States Tariff Commission as a fact-finding body to investigate and study the effects of the customs and tariff laws and report to the President and to the Ways and Means Committee of the House and the Finance Committee of the Senate, whenever requested, all facts in its possession. Under the Tariff Act of 1930 the Commission is empowered, whenever it deems it necessary, to recommend to the President changes in existing tariff rates, which changes the President may put into effect by proclamation, the changes being limited to 50 per cent of the existing tariff, provided that no article on the free list may be made dutiable nor any dutiable article placed on the free list. This comes under what is known as the flexible tariff provision of the existing law.

The new Democratic bill takes from the President the power to put these rate changes into effect and provides that the Tariff Commission shall report its recommendation for changes to Congress and that Congress shall pass on them before they may go into effect.

As will be noted in the Pro and Con section, the Democrats argue that the present arrangement gives too much power to the President and that, since the tariff-making power rests with Congress under the Constitution, Congress should not delegate that power to the President, even to the extent of modifying, in a limited degree, existing rates.

The Republican opponents argue that the delegation of power to modify existing rates is necessary to meet emergency conditions and that if every emergency change required is to be passed upon by Congress it will mean not only unnecessary and, at times, harmful delay, but

will also bring the tariff more into politics than under the present system. They point out that Congress is in session only part of the time, while the President is always on duty to handle emergency tariff problems.

The second important provision in the bill creates the office of "consumers' counsel." The duties of the consumers' counsel are to make independent investigations into existing tariff rates as they affect the consumer and to appear before the Tariff Commission to recommend such changes as he may deem necessary.

The Democratic argument in support of this provision is that the pleas for rate changes that come before the Tariff Commission come from manufacturers and others with a direct financial interest and that the general consuming public is not consulted. By the creation of a consumers' counsel, they point out, a means will be established whereby the voice of the consumer may be heard.

The opponents reply that the proposed consumers' counsel is utterly useless; that if a group of citizens desire to protest against an existing tariff rate they may appeal to their Representative or Senator and he will take their case to the Tariff Commission; that all the purpose the proposed consumers' counsel will serve will be to interfere with the Tariff Commission.

The third provision authorizes and directs the President to call an international tariff conference to work out an international tariff system. In support of this pro-

posal the Democrats argue that the present American tariff rates have caused the adoption of retaliatory tariff rates on the part of foreign governments to the detriment of American commerce and that an international agreement is necessary to the future prosperity of America and the maintenance of foreign relations.

The Republicans reply that it is the duty of Congress to make American tariffs for the interests of Americans alone and that foreign relations would become infinitely more complicated if an attempt were made to enter into an international conference on the tariff.

After two days' debate the Tariff bill was passed by the House on January 9. Democratic members of the Senate Committee on Finance, to which it was referred, offered a substitute bill, which was adversely reported by the committee on January 28. The differences between the House and Senate bills are set forth on page 70 of this issue. The bill is now before the Senate awaiting action. If the Senate passes the substitute bill and the House agrees to it, a veto by the President seems certain. This will probably end the matter, since the Democrats have not the necessary two-thirds vote to pass it over the veto.

Notwithstanding the expected ultimate failure of the bill, the Democrats will feel that they have declared their tariff policy and have given the voters an understanding of what they would do if placed in control of the entire Government machinery.

The Tariff in American Political History

by David Rankin Barbee

FROM the very beginning of our Government the tariff has been a bone over which all parties have quarreled. One reason—the potent reason—why Patrick Henry, George Mason and William Grayson, in the Virginia State ratifying convention, opposed the adoption of the Constitution of 1787, was that the North, being an industrial and a carrying people, would lay imposts that would be a burden on the agricultural section. And on this issue they came near defeating ratification.

In the very first Congress, James Madison, of Virginia, a Democrat, introduced a tariff bill, and it was a protection measure. He was then working in conjunction with Alexander Hamilton, the patron saint of the Federalist party, by some Republicans now called the patron saint of their party. Madison's bill was called, in the language of that day, the impost bill, and it embraced not only protection per se, but also what was called the tonnage rates.

The bill was bitterly attacked by the States of Virginia, South Carolina and Georgia, all three agricultural

States. William Maclay, the senator from Pennsylvania and the rightful founder of the Democratic party, whose diary is our sole authority for the proceedings of the first Senate, notes that Senators "Lee, Butler, Grayson, Izard and Few argued in a most unceasing manner and, I thought, most absurdly, on this business." They attacked the impost bill with great vigor.

In another place he says: "The affair of confining the East India trade to the citizens of America had been negatived, and a committee had been appointed to report on this business. The report came in with very high duties, amounting to a prohibition. But a new phenomenon had made its appearance in the house (Senate) since Friday. Pierce Butler, from Carolina, had taken his seat and flamed like a meteor. He arraigned the whole impost law, and then charged (indirectly) the whole Congress with 'a design of oppressing South Carolina. He cried out for encouraging the Danes and Swedes and foreigners of every kind to come and take away our produce. * * * And until 4 o'clock was it battled with less order, less sense, and less decency, too, than any question I have ever yet heard debated in the Senate."

Senator Maclay was a reporter much after my own heart. On the following day, the impost bill, still being under discussion, he makes this picturesque comment on the debate: "We once believed that Lee (Richard Henry Lee, the Senator from Virginia) was the worst of men,

but I think we have a much worse than he in our lately arrived Mr. Butler (the senator from South Carolina). This is the most eccentric of creatures. He moved to strike out the article on indigo. 'Carolina was not obliged to us for taking notice of her affairs'; ever and anon crying out against local views and partial proceedings, and that the most local and partial creature I ever heard open a mouth. All the impost bill was calculated to ruin South Carolina. He has words at will, but scatters them the most at random of any man I ever heard pretend to speak."

Senator Butler was a very able statesman, a brilliant orator and one of the first ornaments of that Senate, a Democrat of the strictest State's rights faith. He was the forerunner of John C. Calhoun, George McDuffie, Robert Y. Hayne, and Jefferson Davis. He carried his doctrine so far that he opposed a duty on indigo, which no senator from South Carolina today would do. Indigo did not get needed protection, and it quickly disappeared from South Carolina, after Eliza Lucas had made it a most profitable crop, and under her direction Carolina had built up an export business in it that was substantial and profitable.

It has been noted, of course, that the Madison tariff bill was introduced by a Virginia Democrat. Every Northern Democrat in that Congress supported the bill, and the two most noted Democratic senators from the North, William Maclay, from Pennsylvania, and John Langdon, from New Hampshire—father of that great school of New England Democrats which wrought so mightily during the first 30 years of the Republic—did battle for it.

But a fact more singular than this is that Thomas Jefferson not only indorsed the bill but approved of the principle of protection. In one of his letters he says: "The prohibitive duties we lay on all articles of foreign manufacture, which prudence requires to be established at home, with the patriotic determination of every good citizen to use no foreign article that can be made within ourselves, without regard to the difference in price, injures us against a relapse into foreign dependency."

It was in line with this policy that he again wrote: "My own idea is that we should encourage home manufacture to the extent of our own consumption of everything of which we raise the raw material."

This picture is a fair cross section of the history of the Democratic party and the tariff. There was no greater Democrat, I take it, than General Jackson, though he was by no means a consistent Democrat.

As a Senator from Tennessee he seems to have been a consistent protectionist. I have to speak rather timidly about this record, for I have not examined it closely, but James Parton, his best biographer, puts him down as a high tariff man. In the session of Congress which met in December, 1823, Parton says that Jackson "voted against reducing the duty on imported iron, cotton goods, wool and woolen goods, India silks, cotton bagging, blankets, and for removing the duty of 'four cents per pound' on frying pans."

It is also true that Jackson was a standing candidate for the Presidency, and that his staunchest supporters were in Pennsylvania, which nominated him in 1824 and again in 1828. Pennsylvania has from the beginning of the Government been a strong protection community, and no man of any party has ever risen to high office in that

State who did not subscribe to that policy. That explains why Albert Gallatin, her greatest statesman, and James Buchanan, her only President, and Samuel J. Randall, her foremost representative—every one of them a mighty Democrat—followed in the footsteps of William Maclay, her first Democrat.

General Hancock, who one day, perhaps, will get his rightful position in history as the ablest soldier in the Union Army in the great sectional war, was not far wrong when, speaking as the Democratic nominee for the Presidency, he said: "The tariff is a local issue." How they jeered at him and derided him and laughed at him; but was he not right? Let us see.

Senator Pat Harrison, of Mississippi, lives in a tomato patch; that is, his end of the Magnolia State produced tomatoes by the train load. When Senator Fletcher was getting protection for Florida's tomatoes, and Senator Hayden for Arizona's, and Senator Tom Connally for those grown in the Rio Grande Valley in Texas, up spoke the senator from Mississippi and said that the Crystal Springs patch also needed protection, and he voted with his Democratic brethren of the South for a protective duty on tomatoes.

If the tomato had not been local to Mississippi, Senator Harrison would never have taken a brief for Crystal Springs.

Louisiana, although an agricultural State, has for upwards of 100 years been a strictly protection community. Her sugar industry could not live without protection, and her long line of Democratic senators have always voted for protection, and often have voted for protection on items that did not concern their constituents in order to get protection for sugar.

There are senators still in Congress who recall the philippic which Senator Robert Broussard—"Coosan Bob" to the Cajuns—delivered against Woodrow Wilson for placing sugar on the free list. It is of record that before the nomination was given him, Governor Wilson told the Louisiana leaders who were friendly to his candidacy that he would not touch the duty on sugar, but even so powerful a President as he became could not withstand the pressure from his party leaders in Congress for free sugar. His "conversion" to free sugar came near wrecking the Democratic party in Louisiana. I am not writing hearsay gossip. I got the whole inside story from Governor Wilson's most influential friend in that state, to whom he made the promise of protection, the late Col. Robert Ewing, owner and publisher of the *New Orleans States*.

This has been true in every section of the country. Senator Walsh, of Massachusetts, is as high a protectionist as ever Senator Murray Crane was, and so was Senator Peter Gerry, of Rhode Island, a Democrat representing the most highly protected State in the Union.

But despite all of this history of individuals and of States, it remains true that the traditional policy of the Democratic party, in its platforms at least, has been low tariff, a tariff for revenue only, and in some instances free trade. The tariff reformers in the Republican party—Carl Schurz and his group of "Mugwumps"—got hold of President Cleveland and converted him or indoctrinated him with their tariff ideas, and made a free trader of him. That is a very interesting story.

When they went to the White House to converse with

him on the tariff, Mr. Cleveland confessed that he knew nothing about the tariff, and had never given the question one moment's study. He was not alone in that. There are probably 300 members of the House in that fix now. "We'll give you the books," said Schurz; and they did. What books they were we shall probably never know. Probably the pamphlets and speeches of Cobden and Bright, the English free-traders. Cleveland studied them and mastered them and then sent in his tariff message, which stands as a landmark in White House papers. The next year the people left him at home.

As a matter of political philosophy, the tariff interests inquiring minds just as any metaphysical proposition does.

But as a practical question of statecraft, it never is solved. It will not stay put. Statesmen will quarrel over it, and Democrats and Republicans, too, will not agree on it. The Progressive movement led by Senator Dolliver, of Iowa, is evidence of that. He represented an agricultural constituency. And the quarrel between agriculture and industry does not seem capable of solution.

The next presidential contest will be another controversy over the tariff, and which ever side wins the Democrats from industrial districts and from industrial States will vote with Republicans for a high tariff, and Republicans from the agricultural States will vote with low tariff Democrats against a high tariff.—*Esf's*, see 6, p. 96.

The Tariff Situation Today in Other Countries

by Henry Chalmers

UNDER the highly interdependent world economic system of today, the repercussions of the trade-control measures or financial dislocations of any important country are so widespread as to lead to similar or defensive reactions on the part of other countries. They have taken the form either of additional trade restrictive measures, or of enlarged authority to one or another branch of the governments, in their discretion, to increase duties or limit importations. These delegations of authority were expected to furnish prompt means of meeting new international situations, or of offsetting the effects of commercial or financial measures of other nations, actual or anticipated. The extent of the reaction varied widely among the different countries, depending upon the previous intensity of their domestic depression, the degree of economic or financial stability, and the measure of dependence upon world markets or foreign financial centers, as well as upon the mental state of apprehension over future prospects.

The cumulative effect of the world economic depression led many foreign countries to a further tightening up of their markets during the year 1931, by higher tariffs and by a variety of other drastic trade-control measures. The usually dominant protective motive for the curtailment of imports has been often overshadowed by the need for increasing governmental revenues, correcting adverse trade balances, protecting currency values, or maintaining the government's financial solvency altogether. To attain these ends, the trade-control measures have included, not only increases in duties, but quota limitations, restrictions on imports in other forms, exchange controls, and even gold embargoes, with all their consequences. On the other hand, among the official measures to stimulate exports, or improve export price, have been special tariff treaties, export subsidies, and governmental monopolies or control of trade in particular commodities.

In a number of foreign countries evidences are, indeed, apparent of growing restiveness on the part of commercial interests over the effects of drastic trade-control measures—those adopted by their own governments as well as by others. However, the likelihood of definite action during 1932 by foreign countries in the reverse direction, of moderation of trade barriers, appears to depend largely upon the early resolving of the financial crisis and upon the appearance of substantial signs of recovery from the general economic depression.

Among the obvious first-aid measures, widely resorted to by foreign countries during 1931, have been further increases in import duties for the usual purpose of reserving the home market more largely to home producers. This tendency was particularly noticeable among certain parts of the British Empire and of Latin America.

During 1931 tariff revision for protective purposes was less common than during 1930—notably among the countries of Continental Europe. Particularly during the latter months of the year did the trade-control measures taken by many governments in all parts of the world appear to have been prompted by other motives than protection, and to have taken a variety of other forms.

In many countries of Latin America, certain countries of Europe, and a few Oriental areas, duty advances, often horizontal in character, were widely resorted to as a means of obtaining larger governmental revenues. The immediate urge was the necessity of meeting increasing domestic expenditures and fixed foreign obligations, during the very period when the diminished imports and lowered domestic business activity were yielding lower revenues than normal, both at the customs and from internal taxes. Many countries, particularly in Latin America and Europe, adopted drastic measures aimed at the sheer curtailment of the volume of imports, either to keep them in balance with (or below) the shrinking volume of exports, or as a means of conserving foreign exchange and protecting currency values.

On a few products, notably wheat, a favorite European device of the past few years has been the limitation of imports to given percentages of the purchases of similar or substitutive domestic products. Since the early fall

of 1931, however, the resort to import quotas and restrictions has grown rapidly and spread to other commodities.

It is significant that in the case of several countries, import restrictions have been authorized primarily for the purpose of off-setting earlier restrictive measures on the part of other countries. But whatever the immediate motive, the revival of such quota and license controls has already had an unsettling, if not constricting, effect upon foreign trade. Evidence has also appeared of the difficulty of preventing the operation of quota systems from curtailing unequally the normal course of imports from different countries, and from weakening the governing value of fixed duties or carefully worked-out existing treaties.

The financial difficulties that became aggravated during the latter months of 1931 introduced a seriously complicating element in international trade. This was particularly true after the suspension of the gold standard in England, which was followed by most of the far-flung British areas, by Scandinavia, and later by Japan. The consequent strain upon the finances and currencies of many European governments, the rapid shifting of reserves and freezing of credits, and the declines in the exchange value of the currencies of many countries, accentuated the international financial problems arising from the already depreciated currencies and financial stringencies of most countries of Latin America.

Toward the end of the year, the effort to maintain financial solvency or currency values abroad, in the face of fixed foreign obligations, led to the adoption of foreign exchange controls by the majority of the countries of continental Europe and by almost all of Latin America, although not everywhere with the same severity. In effect, these exchange controls are operating as additional restrictive measures upon international trade, and, in some countries, are reported to be more important than prices or import duties in determining whether particular commercial transactions shall be attempted.

The growing number of arrangements between governments—notably in Central Europe—for the bi-lateral

clearance of exchange transactions between their nationals, represent indeed an effort to moderate the trade-constricting effect of exchange controls, although these are apparently premised upon the unusual expectation that the value of the trade between each pair of countries should balance.

In the effort to dispose of surpluses against glutted or timid world markets and depressed prices, to overcome the growth of foreign import barriers, to improve the country's general competitive position in foreign markets, or to assure better world prices for particular products new experiments have been made recently to stimulate or control exports. Most notable were the special arrangements to facilitate trade exchanges between several sets of neighboring countries.

The past year saw some extensions of the methods of export stimulation already in operation in some countries. Probably the most notable instances were: The Chilean fund from which bounties were paid to foster certain agricultural exports, the steps by the Union of South Africa toward an export subsidy upon primary products, and the bounties upon coal and wheat initiated by Canada; while recourse to the familiar device of governmentally controlled wheat monopolies was taken by three countries of Europe.

Many of the more recent drastic measures restricting import trade taken by foreign countries are obviously temporary, and may be expected to pass as the conditions creating them ease off. Many of the measures are of an indefinite term, however, and by their nature are not readily withdrawable. Such a step as the recent British abandonment of the traditional limited tariff policy, in favor of a program of more general and substantial tariff protection, is a striking illustration of a more or less permanent character.

The likelihood of a material easing up of the trade barriers of foreign countries during 1932 appears to depend largely upon the early resolving of the financial crisis, and upon the appearance of substantial signs of general economic recovery.—*Extracts, see 7, p. 96.*

Politics

1. *The science and art of government; the science dealing with the organization, regulation, and administration of a State, in both its internal and external affairs; political science; also, formerly, that branch of ethics dealing with the ethical relations and duties of states or social organizations.*

2. *The theory or practice of managing or directing the affairs of public policy or of political parties; hence, political affairs, principles, convictions, opinions, sympathies, or the like; in a bad sense, artful, or dishonest management to secure the success of political candidates or parties.—Webster's New International Dictionary.*

Changes Proposed by Democratic Tariff Bill

THE pending Tariff Bill—H. R. 6662—contains three major provisions:

1. That the U. S. Tariff Commission shall hereafter report to Congress instead of to the President and that Congress, and not the President, shall authorize the putting into effect of the recommendations of the Commission for the raising or lowering of tariff rates under the flexible provisions of the existing law.

2. That there shall be created in the legislative branch of the Government an office to be known as the Consumers' Counsel of the United States Tariff Commission. The duties of the Consumers' Counsel, who is to be appointed by the President, would be to represent the consuming public before the Tariff Commission.

3. That the President is requested to initiate a movement for an International Economic Conference on Tariff and to negotiate reciprocal tariff agreements with foreign countries.

A digest of these provisions, as set forth in the bill as originally reported to the House by the Committee on Ways and Means, and as amended on the floor of the House and by the Senate substitute bill, follows:

Flexible Tariff Provisions

Section 1—

REVISES the flexible clause of section 336 of the present tariff law and provides that upon request of the President, upon its own motion or upon the application of any interested party showing good reason, the Tariff Commission shall ascertain the difference in the cost of production of any domestic article and any like or similar article abroad, after which it shall report its recommendations to the President and the Congress. The provisions of the existing law authorizing the President to put the recommendations for a change in rates into effect by proclamation, is repealed and Congress is given the sole authority to do this. The provision in existing law which prohibits the placing of a dutiable article on the free list or placing a duty on an article on the free list is also repealed. The new bill provides that in acting upon a report by the Commission, Congress may not consider changing the rates on articles not covered in the Commission's report. The Commission, before making a report to Congress, must hold hearings at which all interested parties must be given an opportunity to be heard.

In ascertaining the difference in domestic and foreign production costs the Tariff Commission is required to take into consideration:

The difference in conditions of production including wages and cost of materials, transportation, containers, or coverings, packing charges and storage in the principal domestic and foreign markets; differences in cost of domestic and foreign articles in packing and containers as received in the markets of the United States; difference in wholesale selling prices of domestic and foreign arti-

cles, in so far as such prices are indicative of the cost of production; advantages granted to a foreign producer by a foreign Government, person or association in a foreign country; any other advantages or disadvantages in competition which increase or decrease the cost at which domestic or foreign articles may be delivered in the principal markets of the United States.

Costs of transportation are defined as freight charges, loading and unloading charges, transit insurance, port and landing charges, from areas of substantial production, domestic and foreign, to the principal domestic port of importation.

The only change of importance in this section made on the floor of the House was the adoption of an amendment offered by Representative F. H. LaGuardia, N. Y., R., providing that recommendations of the Tariff Commission for changes in rates shall go into effect sixty days after the Commission reports to Congress unless Congress shall have by joint resolution rejected the report. The amendment provided, also, that the Philippines, the Virgin Islands, Guam and Tutuila should be exempted from the provisions of the act.

In the Senate bill the LaGuardia amendment was stricken out.

In the Senate bill under the subheading dealing with the ascertainment of transportation costs, the entire House provisions are stricken out and the following substituted:

"Costs of transportation for the purposes of this section shall be held to include, in so far as applicable, freight charges and all other charges incident to transportation, including transit insurance, costs of loading and unloading, and port charges and landing charges. These costs shall be computed from the principal producing areas (in the United States and in the principal competing country or countries) that can reasonably be expected to ship to the principal competing region or regions of the United States and shall be computed to such principal market or markets of the United States as may most nearly insure equal competitive opportunity to domestic articles and like or similar foreign articles in such region or regions.

"In determining costs of production in the United States and in the principal competing country or countries for the purposes of this section, the commission shall take into consideration the costs of production only of such establishments as are economically located and efficiently operated, and shall obtain such costs for a normal and representative period.

"In connection with its investigations as to differences in costs of production the commission shall inquire into the following matters and shall include in its reports pursuant to this section a summary of the facts with respect to such matters:

"(1) The efficiency and economic operation and location of the domestic industry under consideration;

"(2) The conditions of such domestic industry with respect to profits and losses, the extent to which productive capacity is utilized, and the extent of unemployment;

"(3) The extent to which adverse conditions of production may be due to foreign competition or to other specified factors;

"(4) The extent to which adverse conditions of production may be remedied by adjustments in the tariff law, taking into consideration the substitution of articles used for the same purposes as the articles under consideration, and taking into consideration any other pertinent competitive factors; and

"(5) The effects of any proposed increase or decrease in rates of duties on other domestic industries and on the export trade of the United States."

Section 2—

PROVIDES that all uncompleted investigations instituted prior to the approval of the new act under section 336 of the tariff act of 1930, and all investigations on which the President has not proclaimed changes in classification or in basis of value or increases or decreases in duty, shall be dismissed without prejudice; but all information and evidence secured by the commission may be used in the consideration of any future investigations instituted under the provisions of the new bill.

Consumers' Counsel

Section 3—

CREATES the office of Consumers' Counsel, to be appointed by the President and confirmed by the Senate, who shall give his entire time to representing the public before the Tariff Commission. The salary of the Consumers' Counsel, in the original bill, was fixed at \$12,000 a year. The House reduced it to \$10,000 and the Senate bill retains the \$10,000 salary. The original bill authorized the Consumers' Counsel to make independent investigations but this provision was stricken out on the floor of the House, and the Senate bill left Section 3, as passed by the House, intact. The bill provides for the employment of assistants for the

Consumers' Counsel within the limits of appropriations Congress may from time to time make for this purpose.

International Economic Conference

Section 4—

IN the original bill requested the President to initiate a movement for a permanent International Economic Conference with a view toward lowering excessive rates and eliminating discriminating barriers affecting international trade and finance and requested the President to negotiate reciprocal trade agreements with foreign nations.

On the floor of the House the word "permanent" before International Economic Conference was stricken out as was the provision for the negotiation of reciprocal trade agreements.

The Senate bill restores the provision for reciprocal treaties and otherwise changed the wording of this section so that it reads:

"That the President is respectfully requested to initiate a movement for an International Economic Conference with a view to (a) lowering excessive tariff duties and eliminating discriminatory and unfair trade practices and other economic barriers affecting international trade, (b) preventing retaliatory tariff measures and economic wars, and (c) promoting fair, equal, and friendly trade and commercial relations between nations; but with the understanding that any agreement, treaty, or arrangement which changes any tariff then in existence, or in any way affects the revenue of the United States, must first be approved by the Congress of the United States.

The President is hereby authorized and requested, at as early a date as may be convenient to proceed to negotiate with foreign governments reciprocal trade agreements under a policy of mutual tariff concessions. Such agreements shall not become operative until Congress by law shall have approved them.

Chronology of Action Taken by Congress on Pending Tariff Bill

January 4. Following conferences by the Democratic leaders of the House and Senate, Representative J. W. Collier, Miss., D., chairman of the Committee on Ways and Means, introduced in the House H. R. 6662, providing for changes in the administrative features of the existing tariff laws and putting into legislative form the tariff reform program of the Democratic party for this session of Congress. The bill was referred to the Committee on Ways and Means.

January 5, 6 and 7. The Committee on Ways and Means held hearings on the bill. Representatives of labor and business organizations appeared before the committee.

January 7. The Tariff bill was reported to the House by Representative Collier from the Committee on Ways and Means after a strict party vote in Committee on which the 15 Democratic members voted for the report and the 10 Republican members voted against it.

A minority report, signed by all the Republican mem-

bers of the Committee, was filed by Representative W. C. Hawley, Oregon, the ranking Republican member.

January 8. Consideration of the Tariff bill was begun in the House under a special rule.

January 8 and 9. The Tariff bill was debated and amended by the House.

January 9. The Tariff bill was passed by the House by a vote of yeas 214, nays 182; "present" but not voting, 36.

January 11. The bill was received by the Senate and referred to the Committee on Finance.

January 22, 23 and 24. The Senate Committee on Finance held hearings on the bill. Practically the same groups were heard as appeared before the House Committee.

January 28. The Committee on Finance considered a substitute bill offered by Senator Pat Harrison, of Mississippi, ranking Democratic member of the Committee, and by a strict party vote, reported the Harrison substitute to the Senate with the recommendation that the bill not be passed. The majority on this Committee are Republicans.

Should Congress Pass

Majority Report to House

In order to prevent many of the exorbitant rates of the tariff act from becoming entirely prohibitive, the flexible clause, as set forth in section 336 of the act, was enacted. There were many who believed that if this section were wisely administered its provisions would, to a large extent, so equalize the differences in the cost of production of both the domestic and foreign articles of commerce and commodities of agriculture that many of the evils now due to the unscientific and exorbitant rates which were placed in the tariff act of 1930 would be avoided. Unfortunately, these hopes were not realized, and section 336 has proved to be ineffectual and in many instances has resulted in more harm than good to the American people.

In order to carry out what we believe should be the purpose as set forth in section 336 of the tariff act of 1930, H. R. 6662 has been adopted by the Ways and Means Committee.

Subsection (a) of section 1 provides that upon request of the President of the United States or upon its own motion or upon the application of any interested party showing good and sufficient reason, the commission shall, so far as possible, ascertain the differences in the cost of production of any domestic article and any like or similar foreign article.

H. R. 6662 repeals the authority in existing law providing that the President shall by proclamation approve the report of the commission, and provides that the President, upon receipt of the report of the commission, shall promptly transmit the report of the Congress with his recommendations, if any, with respect to the increase or decrease in duties proposed by the commission. The report of the commission shall state such increase or decrease in the duty upon the foreign article as the commission finds to be necessary to equalize the differences in the cost of production.

The bill repeals subsection (g) of section 336 of the tariff act of 1930, which provides for a prohibition against the transfer of an item from the free list to the dutiable list or from the dutiable list to the free list, and permits the commission to make such recommendations if it finds it proper and equitable to so do.

Subsection (b) provides that no report shall be made by the commission under this section unless the determination in respect thereto has been reached after the commission has held hearings and given reasonable notice of such hearings and reasonable opportunity for all interested parties to come before the commission and present their views.

Subsection (c) provides the methods to be used by the commission in ascertaining the differences in costs of production, and sets these methods out in detail. Subdivision (5) of this subsection is new matter, and provides that if the differences in the cost of production cannot be ascertained, then the wholesale prices of the domestic article in the principal markets of the United States, in so far as such prices are indicative of the cost of produc-

tion, shall be taken into consideration in ascertaining these differences.

In section 3 of the bill, there is created an office to be known as the office of the consumers' counsel of the United States Tariff Commission. This office is independent of the commission. It neither depends for appointment, nor tenure, upon the commission. The counsel is to be appointed by the President, by and with the advice and consent of the Senate, at a salary of \$10,000 per year. He shall give his entire time to the representation of the general public before the commission.

Under the present law, the persons appearing before the commission seeking either increase or decrease of tariff rates are, obviously, those who have a monetary interest in the matter presented to the commission. They have a direct financial interest in the action to be taken by the commission. Parties who usually and generally appear are either the producers of finished articles or raw materials, or importers of commodities into this country. Generally, the producer appearing before the commission is interested in an increase of duties for his own personal gain. The importer desires a reduction in duty for a like purpose. Undoubtedly, no criticism can be offered in the presentation of their cause to the commission. However, while they are furthering their own financial interests, the general public has no advocate in the case.

The individual consumer, generally speaking, has such small personal interest involved that he cannot afford to have counsel ever present to care for his interest. The consumer is not a participant in the trial of the case which involves his rights. For the most part, his voice is never heard before the commission.

Even though he may appear and state his views to the commission, or even before the committees of Congress, he is in the same category as a litigant in court who has those same privileges, but who does not have counsel to advise him in respect to his rights. Like a litigant, his experience in any given case is merely casual.

It is the duty of the counsel herein authorized to represent the interest of the consuming public in any proceeding before the commission. He is the representative of the general public in the investigations carried on by the commission. He appears and speaks for one whose voice has heretofore been inarticulate—the ultimate consumer.

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New Tariff Measure?

CON

Flexible Tariff Powers
of a Tariff Conference
of Consumers' Counsel

Minority Report to House

THE bill (H. R. 6662) was ordered reported by the Committee on Ways and Means, all of the Republican members voting in the negative.

In our opinion the legislation is not necessary, nor required by business or other interests of the country, but is a political activity. It contains provisions which the Republican Party has heretofore rejected as unsound, or are in direct contradiction to its policies. It destroys the flexible provisions of the tariff act of 1930, creates an expensive and unnecessary office with additional burdens on the public funds, and submits the protective tariff policy of the Nation to the participation of foreign countries, which if carried into effect, will take from or impair the constitutional prerogative of the House of Representatives to control all such legislation.

The flexible provisions of the tariff act of 1930 provide that the Tariff Commission shall, after thorough investigation, report to the President proposed changes in classifications, or the basis of value, or rates of duties, within a limit of 50 per cent, above or below, those provided for in the law. This promotes promptness in the determination of changes and affects in the least degree possible, the stability of business, or the production of articles. The Supreme Court of the United States has upheld the constitutionality of the flexible provisions.

The pending bill eliminates the flexibility by requiring the commission to report to the President and to Congress any proposed changes which changes do not become effective until Congress has acted. Congress is not required to approve the recommendations of the commission, as is now required of the President, but can amend, reject, or disregard the proposals, in whole or in part, and the time such proposals may be pending before the Congress is unlimited. In the enactment of tariff legislation many delays are experienced. The result will be that the Congress will always be engaged in the consideration of piecemeal tariff measures if the legislation is to be at all effective.

The bill attempts to limit the action of Congress to the individual proposals submitted by the commission. This is a pious hope, for no Congress can restrict the legislative action of a subsequent Congress in the matter of its

procedure. The voting down of a ruling of a presiding officer of the House sets aside the existing rule invoked. Moreover, unless the House can readjust other duties affected by a proposed change, serious injustices may be effected. However, if the House, basing its action upon a recommendation of the Tariff Commission, undertakes to adjust duties related to or dependent upon a proposed change, many paragraphs and even schedules will need to be readjusted. For instance, if the duty on yarns of wool is to be increased, the duties on the cloth, clothing and other manufactures of wool will require attention and in all probability readjustment.

That is, the bill opens the door for continuous tariff agitation, resulting in uncertainty and instability in business. For as stated above, no one can predict the time required to enact any proposed tariff legislation.

The provisions for the consumers' counsel create an unnecessary and probably expensive office. We do not see how such an officer can usefully and profitably serve the country unless it is to be assumed that in some way unknown to us, the Tariff Commission has failed to fulfill all of its functions. The commission as a fact-finding body, aided by a corps of experts of great efficiency, has made the necessary investigations with great thoroughness. It has drawn from the assembled data, conclusions that in its judgment were warranted, with no sense of obligation to, or discrimination against, producer, consumer, or any other class of our people. No complaint has reached us that in any action of the commission it has failed to give due consideration to all.

Neither has any body of our citizenry, as consumers, asked for the creation of this office. Why, then, in this emergency, create another office and a new expense?

We are all in turn both producers and consumers. When will the consumers' counsel represent us, and on what occasions will his services be necessary? In what instances has the action taken by the Tariff Commission indicated that such services were necessary? None were called to our attention. Arguments based on suppositions were presented, but no actual cases cited.

There is also included in the bill an authorization for a permanent international economic conference, the principal purpose of which is to discuss tariff and trade problems. No statement is made of the number of members that shall be appointed to represent the United States, what their compensation shall be, the length of service, how they may be removed, or the cost of such conference. The manner of their appointment is left in doubt. There exists in the League of Nations organization a group or groups of similar character. The other nations will not, in all probability, create a new agency, but will expect that any group appointed to represent the United States shall sit with those now existing in the League of Nations organization, to discuss the domestic questions of the United States. We have always regarded the protective tariff as a domestic question. We can see no reason why other nations should be asked or permitted to propose what policy we should pursue in order to foster our agriculture, provide employment for our labor, and develop our industrial and mercantile enterprises.

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Majority Report *Cont'd*

The counsel is given authority to offer testimony, to examine witnesses, and to present argument. He may receive from the commission information which the commission may have in respect of the matters involved before him. In addition thereto he is granted the right to initiate a proceeding before the commission whenever he deems it to be in the interest of the public so to do, or upon request by him the commission shall promptly conduct investigations and place the results thereof at his disposal, which information may be used to good result. He is given the right to have compulsory process to carry out the purposes set forth in this legislation.

There is a widespread belief among the people of the United States that by reason of the high and exorbitant rates of the tariff act of 1930 we have incurred the hostility of many nations throughout the world. They believe that this hostility has resulted in the enactment of many retaliatory tariffs against us, the results of which are causing uneasiness and concern to all thoughtful minds.

The results of these retaliatory tariffs are reflected by the falling off of over \$2,800,000,000 in American exports, which has created an immense surplus of manufactured articles and agricultural commodities for which there is no market here in America or elsewhere.

By reason of these retaliatory tariffs American manufacturers, taking a few key men with them, have moved their plants to foreign countries, with the result that thousands of American employees are thrown out of employment and their places are taken by the foreign workman who is now engaged in manufacturing those articles which formerly were made here in the United States by the American workman.

It was for these reasons, together with many others, that the Committee on Ways and Means adopted section 4 in the hope that if the President of the United States should invite in friendly conference the representatives of the nations of the world, many of whom have enacted retaliatory tariffs against us, there might be entered into some mutual agreement which would have the effect of lessening retaliatory tariffs, would abolish economic wars, and bring about more friendly trade relations with foreign governments.—*Extracts, see 1, p. 96.*

by U. S. Representative Collier

If we Democrats had wanted to play politics we would have brought in a bill on the tariff which would have embarrassed the Republicans. We could lower some of the high, prohibitive rates on clothing and wearing apparel and many other articles which would have been of tremendous importance to the people and which would have embarrassed Republicans considerably to vote against.

The country is now in such a state that it does not make any difference whether the rates are prohibitive

or not. The country is broke, and could not buy anything, no matter what the rate was. That is one answer. Another is because we know on the face of it, by reason of the messages which have come from the Chief Executive, by reason of the complexion of another great legislative body, that that sort of a bill would have no kind of a chance of passing, and we have brought in a bill which we believe will appeal to Republican intelligence.

The passage of this bill will mean that some rates will be very materially changed. Do not let us deceive ourselves on that.

Before making any other statements I will give the essential differences between this bill and the existing law. Under the existing law the Tariff Commission is to report its recommendations to the President of the United States. The President can approve those recommendations, and then 30 days after his approval they go into effect. That approval may mean as much as a 50 per cent increase over the present rates, although the President has the right to approve an increase or a decrease. That section is changed, so that the Tariff Commission upon the request of the President, upon its own motion, or upon the motion of any responsible party in interest may conduct an investigation. Then, after it has made its investigation, it reports to the President and the President reports to the Congress. That is one change. The report is made to Congress instead of to the President.

Then there is another thing. The President is to promptly report to the Congress or send to the Congress the reports he receives, together with any recommendations he may see fit to make. That is the first essential change. What does that mean when it is boiled down? That means that we will be carrying out the provisions and plain intent of the Constitution of the United States, to which no one can object. I am not saying that it was unconstitutional to delegate our authority to the President; but that change means that the reports of the Tariff Commission, after its investigations shall be referred to the Congress the representatives of the American people, and not to the President of the United States.

The third material change is the appointment of a consumers' counsel.

I think the Tariff Commission is an honest commission, and I know nothing to the contrary. I assume they are, and I assume they have done the very best they could.

When the Tariff Commission makes a report to us, we are the people's representatives and the ones who should act. We have got to come up for re-election every two years, when our acts and our motives are weighed by our constituents. I think this is a matter that can safely be left to the Congress.

This does not mean we have no confidence in the Tariff Commission because we provide a consumers' counsel. We have confidence in our judges, but we have people's attorneys in the various States and counties of the Union to look after whose business? To look after the public business, because everybody's business is nobody's business.

When I visualize this matter of tariff making, every manufacturing industry that comes before the Tariff Commission is animated by selfish desire to get its rates changed. Every producer that comes before them is animated by the same desire, and when they get together

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Minority Report *Cont'd*

If such a conference is to be effective, conclusions should be determined by it, to which the United States should subscribe or reject. Should we subscribe, we have admitted our willingness for other nations to advise us upon our domestic policies; should we refuse, we have set the world in opposition to us, and to no good purpose. Washington's advice that we should attend to our own affairs is the way of wisdom.

We were informed that treaties do not deal with tariff rates. No good reason has been assigned why we should now abandon our traditional policy, and by the means proposed in section 4, open the way that has heretofore been closed because of its inherent dangers.

It is the settled policy of the Republican Party that our debt settlements with other nations shall not be disturbed by remission, scaling, or reconsideration. Section 4 interdicts the representatives from the United States from discussing this question. We, too, do not believe that this should be done by them or any other body representing the United States. Yet who believes that in such an economic conference representatives of other nations will abstain from urging a question of major importance to them, and from insisting that some action regarding such debts is a consideration in any action to be taken? That is to say, this bill invites a discussion of debt readjustment and sets the arena for that purpose.

The United States has always intended and now intends to use its best endeavors to live in amity and concord with her sister nations, attending efficiently to her own affairs, and wishing others progress and prosperity.

To provide in the present unsettled state of the world an opportunity for continued discussion of matters in which we do not intend to yield is not sound policy.

The majority of the Committee on Ways and Means, by amendments eliminated some important provisions from the bill. One more motion—that to strike out all after the enacting clause—would have greatly improved it. Altogether it shows haste in preparation. The notice of the hearings was too short for the country to respond, so only two witnesses, other than representatives of Federal departments, appeared. Why this precipitation in the case of a bill in the enactment of which, time was not a factor? It is not an emergency measure. We can see no utility in or necessity for the legislation.

We, therefore, earnestly recommend that the bill be defeated, and believe the best interest of all concerned and of the country will be conserved by such rejection.
—*Extracts, see 1, p. 96.*

by U. S. Senator Smoot

THE gesture of the Democratic Party toward revising the tariff has simmered down to an attempt to destroy the flexible provisions and to involve the United States in foreign economic entanglements.

The Harrison substitute bill would require the Tariff Commission to report its findings under the flexible provision directly to Congress. Since Congress is in session only three months during short-session years and about six or seven months in other years, the machinery for adjusting the tariff in accordance with changing conditions would be inoperative more than half the time. Even with Congress in session it would be virtually impossible to secure action on recommendations of the Commission. Congress cannot act on the tariff in piecemeal fashion. One proposed change would lead to another, until the entire schedules would be opened every time a report from the Tariff Commission reached the floor of either house. Tariff legislation would be before Congress all the time, keeping business in a constant state of uncertainty.

If this measure should become a law, the usefulness of the Tariff Commission as an agency for the adjustment of duties to meet changing conditions would be at an end. American industries in distress, because of undue foreign competition, would be frustrated by political controversy even after an expert commission had decided upon necessary relief duties. Every country in the world is in a position to make emergency changes in its tariff rates. The Democratic bill seeks to handicap the United States in this respect and freeze the tariff structure in its present form.

There is no occasion for this assault upon the excellent work of the Tariff Commission and the President in keeping duties abreast of current conditions. The present flexible provision is working well. Since the 1930 law went into effect the duties on 17 items have been lowered and 12 rates have been increased. Investigations showed no cause for rate changes in 39 cases. Since the Commission was reorganized it has investigated rates on commodities that make up 14 per cent of our dutiable imports.

In spite of their vociferous denunciation of the tariff act, the Democrats sponsoring this current bill have put themselves in the position of opposing the alteration of existing rates through the flexible provision or otherwise. Even though they flooded the country with propaganda against the Smoot-Hawley Act, the Democrats are afraid to sponsor any changes in the present tariff schedules. They know full well that foreign prices have collapsed; that foreign importers have strengthened their position in the American market, and that imports to the United States declined only 10 per cent last year, while domestic productions fell off 16 per cent. The insincerity of their propaganda must now be apparent to all the country.

That section of the Democratic bill which calls upon the President to "initiate a movement for an international economic conference with a view to lowering excessive tariff duties" is a vicious snare intended to discredit the President. Such a conference could only arouse hopes in foreign nations that the American tariff would be reduced, without the slightest assurance that Congress would take any such action. It would open the way for consideration of the intergovernmental debts and reparations in a world economic gathering, which could only end in further resentment against the American people because they insist on collecting a fraction of what they lent to European nations.

History shows that the effect of international tariff conferences is to increase rather than lower duties, because most countries raise their imposts before entering

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Collier Cont'd

the finest counsel that can be found in the United States represents them. The Tariff Commission in taking up these matters has its mind on many other rates. Now, the individual consumer only pays a few dollars here and there, and he is invisible in the matter. It is true he has the right to appear, but his interest individually is not so great. So when the manufacturer and the producer with their intellectual and powerful counsel come there, I do not care how honest and how strong the Tariff Commission may be, the consumer who has not been represented heretofore ought to have a man there to present his case to the commission; and it is for this reason we provide representation for those who heretofore have never had any representation, because, I repeat, what is everybody's business is nobody's business.

I do not know why the Congress could not pass a tariff revision bill covering a single commodity if the Congress wanted to do its duty and carry out the recommendation of the Tariff Commission.

When was it ever tried? Ever since I have been a Member of this House there had been a standing rule that no matter what mistakes were made in one of these great tariff bills—and I may say that this rule has operated on the Democratic side the same as on the Republican—no matter what mistake was made in such a tariff measure, the rule has been that we would not correct it, because we would be opening up the whole matter again. We have tried to correct that in this measure by putting in an amendment which may or may not do it, because, of course, one Congress cannot bind another.

I presume that if the Tariff Commission made the report after the Congress adjourned on March 4 they would have to wait until the following December. But let me say that the reason we bring in this bill is because under this we can secure relief on these rates in many cases more quickly than under the present law. Of course, you can figure out some instance where the commission might make a report just after Congress adjourned, and where it might work some hardship. But our belief is that this is for the purpose of giving quicker relief.

I assume that when the President does not act on one of the recommendations of the Tariff Commission he has good and sufficient reasons for not acting.

Suppose an industry should have a report made by the Tariff Commission and it should be sent to the President under existing law, and the President should in his wisdom and judgment feel that the best thing for him and for the country would be to put that report in some pigeonhole and leave it there, what remedy has a Member of Congress got? Yet if those things were sent to the Congress and the Congress did not bring them up, a Member of the House could get action upon it, that being a privileged matter.

There are a great many people in the United States whose opinions are worthy of the highest credence who believe that by reason of the prohibitive, high, outrageous, and unequal rates of the present tariff law we

have incurred the hostility of nearly all the world and that the back of the hand of many nations which heretofore was held out to us in a friendly grasp is now turned the other way.

We feel we have been incurring the hostility of the nations of the world, and this has resulted in what? It has resulted in retaliatory tariffs which have had what effect? They have had the effect, in part, to decrease our exports nearly \$3,000,000,000. They have had the effect, in part, of decreasing our imports almost as much. One country would get mad with us about something and would pass prohibitive tariff laws whereby we could not sell our exports in that country. This is what is the matter with the country today.

Another thing that these retaliatory tariffs have done is that they have permitted and forced—I will not use the word "permitted"—they have forced American manufacturers to take a few key men from their factories and settle in foreign countries and manufacture with foreign labor thousands and millions of dollars' worth of machinery that heretofore was manufactured in this country, and this has caused thousands of American workmen to be thrown out of employment and to see the work they were doing the year before now being done in foreign countries. It was for these reasons that we hoped we could bring about some kind of conference among the nations of the earth that would relieve this condition and would abolish these economic measures and would lessen these retaliatory tariffs and bring about friendly trade relations with the United States. This is the reason we incorporated this provision in the bill.—*Extracts, see 4, p. 96.*

by U. S. Representative Rainey

THE international economic conference proposed in this bill is a new kind of conference, of course, but it is a conference that is made necessary by conditions in the world which are brought about by the two recent upward revisions of the tariff.

I do not know why some Republicans are so afraid of participation in some conferences in which the League of Nations might join. Since the Republican Party came into power we have had 14 official conferences with the League of Nations. That is, up to June, 1929, and we have had more since then. We have been represented officially by the United States Government, up to June, 1929, fourteen times. Unofficially we have sent representatives up to that time to the League of Nations to engage in 19 additional conferences. And up until the same date, June 10, 1929, semi-public organizations in the United States have sent representatives who have participated in an unofficial capacity eighty-four times.

In other words, officially and unofficially, we have participated in league conferences one hundred and seventeen times, up to June, 1929. Since then there have been other official conferences with the League of Nations.

These 14 official conferences we had with the League of Nations were paid for out of the Treasury of the United States.

In this connection, I might call attention to the char-

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Smoot Cont'd

negotiations so as to be in a better trading position. When one conference after another fails, the participating countries are left with higher tariff walls than they had before. Tariff protection is a national problem, and cannot be adjusted by international conclaves. No nations will surrender tariff privileges that are of vital economic value to its well-being.

The Democratic plan of negotiating "reciprocal trade agreements under a policy of mutual tariff concessions" lays down an obnoxious doctrine of favoring one class of producers against another. What section of America would be willing to forego tariff protection so that the industries of some other section might export more of their goods? This provision is repugnant to the traditional American theory of tariffs, and Congress cannot accept it without risking widespread discrimination against our own people.

On the whole, the Democratic bill is a flimsy political gesture. There is no excuse for reopening the tariff issue at this time. No one can pretend that this measure is in any way vital to the welfare of the country. It is intended only to obscure the dismal realities of the Democratic tariff policy.—*Extracts, see 2, p. 96.*

by U. S. Representative Hawley

THERE are three matters contained in this bill. In the first part it destroys the flexibility of the present flexible tariff. It also contains the creation of a new and, I believe, expensive office in the consumers' counsel. The third is the creation of a permanent international economic conference, by which we will inject our trade and tariff affairs into the general affairs of the world.

Under the present law the Tariff Commission, upon application from an interested party or the Congress, or others, makes an investigation through a corps of experts that have been assembled during a considerable period of time, who are said to be the best informed people upon the general workings of the tariff in the country.

This corps of experts are sent into the field to ascertain the facts, not wishes; not to subserve any opinions or influence, but to find what are the facts in particular cases.

Having found them from all available sources, traveling around the world in some instances and verifying the information by every available means, they report the facts to the commission. The commission then examines the data so assembled and comes to certain conclusions thereon, which it finds justified by its information. This commission consists of six persons, three of one party and three of another party, and is intended to act without reference to political affiliations.

From the information I now have, I have no information that any member of the Tariff Commission so far

has acted in a political way. Each has acted on his best judgment.

The commission then reports their findings to the President, and the facts on which they base their recommendations. The President can either approve and put them into effect after 30 days, or he can reject them; or if he believes that action would be injurious to the country under existing conditions, he can let the proposal remain unacted upon. Because some circumstances may change or conditions may alter, the President may not approve. That is a safeguard against doing any injustice to the country or to any producers or consumers.

For instance, the Tariff Commission might make a recommendation for an increase in the duty on a certain commodity that is used for the further manufacture. The President might find from later information that to put that duty into effect, without altering the compensatory duty, might do an injustice to the further manufacture. Therefore, he would decline to approve of the proposed change.

The present proposal is that as soon as the Tariff Commission has made an investigation upon its own motion, the instance of the President, or on request of some interested party that it shall be reported to the President and to the Congress, and Congress is not to act until after the President has submitted the proposal, with such recommendations as he may wish to make.

The Congress cannot under the pending bill ask the Tariff Commission to make an investigation. It seems that Congress is not sufficiently interested or competent to know when tariff rates ought to be changed. Gentlemen on the other side have urged that all changes be made by Congress. But, as the bill is drawn, it does not allow us to ask the Tariff Commission to make any particular investigation. I would be willing to trust either side of the House to make such a request. The bill is inconsistent. It we have the ability to legislate, we certainly ought to be capable of asking for information.

When the proposal comes to Congress it is to be referred naturally to the Committee on Ways and Means. That committee can act or not act, as it pleases. It may hold hearings or not, as it may wish, but in any event this takes necessary tariff changes out of the hands of an impartial, judicial body, and puts them into the hands of a political organization, because the tariff will always be a political question in my judgment. At least it has been for 100 years. It puts the tariff back into politics, in so far as it was taken out, I mean, by the flexible provision, and makes every change a political question.

It takes away that one step that we took to make it a nonpolitical issue. Tariff considerations have always consumed a great deal of time. There is always a conflict of interest between those favoring an increase and those demanding a decrease, and, in my judgment, if the Tariff Commission should send down at any time within a year 30 or 40 proposals to amend the tariff act, if we did anything with them at all that was sensible and well considered it would take a very considerable portion of the time of Congress. Or if the proposed increase in duty was on a commodity used in further manufacture, then several schedules or paragraphs might need to be amended.

Congress is in session about half the time. The President is in session all of the time. Therefore, an action upon the report of the Tariff Commission has, so far as

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Rainey Cont'd

acter of some of these official conferences we have had with the League of Nations.

We had a Brussels financial conference in 1920. All these conferences to which I call your attention have been held since the Republican Party obtained control of both Houses of Congress and the Executive.

The traffic in women and children in 1923 and 1930, and the conference on obscene publications in 1923. The conference on customs formalities in 1923. That had reference to the tariff, both directly and indirectly. We had a conference on transit and communications in 1923 and 1930, and on traffic in arms in 1924 and 1925.

It is hardly possible that those two conferences on subjects which are subject to a tariff tax by all the countries which engaged in them could have been conducted without some reference to the tariff. We had a preparatory commission conference for a reduction in armaments in 1926, and another one in 1930. The gentlemen are afraid of an international economic conference, and that is their objection to this clause, yet their party authorized an international economic conference and we held it in 1927, and went right into the League of Nations with it and consulted with the League of Nations. Then we had another conference on the abolition of import and export prohibitions and restrictions. We had two of those. They occurred in 1927 and in 1928, paid for out of the Treasury of the United States, involving the question of tariffs, of course, and also unfair trade practices. Then we had a committee conference, and we sent representatives—these are all official—on double taxation and tax evasion. The gentlemen have no objection to a conference on double taxation, but insists we ought not to have a conference with the League of Nations on the subject of some other form of taxation, to wit, tariff taxation. Then we had conferences on counterfeiting and currency, one in 1927, and one in 1930. These are our conferences with the League of Nations, and the gentlemen pretend to believe that the League of Nations is going to be brought into this conference, and therefore object to it, in the fact of this record made by their own party in the last 11 years.—*Extracts, see 4, p. 96.*

by U. S. Representative Dies

THE parable of the mountain that labored and brought forth a mouse was quoted in the House in connection with this discussion and the member who quoted it was pleased to label this bill a political mouse. If it is a mouse, it seems passing strange to me that the veteran politicians on the Republican side should be so frightened at its appearance and purposes. I have always understood that only timid people became frightened at mice.

Let me call attention to another parable that might interest you, the parable of the lion that was tied down

by strong ropes. He was unable to release himself. Finally a little mouse came to his rescue and gnawed through the ropes and gave him liberty and freedom. That is what we propose to do by this bill. We propose to liberate commerce, industry, agriculture, and labor from the tariff ropes which the Republican administration created by the Hawley-Smoot tariff law. Some complain that we have not gone far enough in our determined effort to lower the tariff walls that encircle this Nation and impede the natural flow of commerce and business.

This bill represents the initial step that will eventually lead to the adoption of a systematic, scientific, and common-sense tariff policy that will function the same for agriculture, labor, and independent business, as it now does for privileged and favored classes.

We are confronted with a great economic crisis in this country, and if there ever was a time for patriotism and unselfishness on the part of the American Congress it is today. The 7,000,000 unemployed people and the twenty or thirty millions of people who are directly dependent upon them for support and maintenance, the millions of farmers who are compelled to sell their products below the cost of production and who are faced with mortgage foreclosures and oppressive taxation, and the thousands of independent business and industrial concerns that are threatened with bankruptcy—all of these unfortunate and unprotected groups in our economic life are looking to this Congress for a constructive program of relief.

It is, therefore, with keen disappointment that I witness the partisan and selfish attempt of the Republican Party to defeat this constructive legislation. I did not have much faith in President Hoover's appeal to the membership of Congress to subordinate partisan considerations in the interest of our distressed and suffering country. But I had indulged the fond hope that partisanship would be put aside during the existence of this national emergency; that patriotism would rise above partisanship, and that members of every political faith would cooperate for the common weal. But instead of receiving this cooperation which every consideration of justice and fairness entitled us to expect, we find the minority party in the House employing every possible device and every specious argument to delay, if not to defeat, the passage of this measure.

How can you expect us to blot out the multitude of sins and iniquities that the Republican Party has accumulated during 13 years of misrule, at one fell swoop and by one legislative enactment? You ought to be fair enough to give the Democratic membership a sufficient opportunity to undo what the Republicans have done and to rectify the mistakes of its short-sighted policies.

Since the passage of the Hawley-Smoot tariff law, which was conceived in iniquity and engineered through Congress by the predatory interests, the most disastrous consequences have ensued. The markets of the world are closed to our export trade, thousands of our factories are closed, and many thousands of others are operating at half capacity, while on every hand may be seen the spectacles of hunger, want, and despair.

But yesterday our country occupied the foremost place of honor and power among the nations of the world. From the auspicious union of order, freedom, and individualism there sprang up in our country a prosperity of which the annals of human affairs furnish no example.

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Hawley *Cont'd*

time is concerned, twice the opportunity of being considered by the President as compared with the chance of its consideration by Congress. He is one man. He can act on his own initiative as soon as he may wish so to do. Congress is an organization consisting of two bodies, which must act concurrently and exactly agree, with further action by the President approving or disapproving of our action. That is to say, in brief, this proposal will cause infinite delay, great distress in business, uncertainty, and instability of affairs because of a continual agitation in this body upon the question of the tariff. The present flexible provision has been upheld as constitutional by the Supreme Court of the United States, and in that respect we are on certain ground.

The second point in this bill is the consumers' counsel. Here there is created an office carrying a very good salary, \$10,000 a year, for some person with a very shadowy duty. There is somewhere, apparently not yet discovered, a body of people called consumers that are hidden from the rest of us, separate and distinct from the general body of the people. We all are producers and consumers. We produce articles to be exchanged with our fellows or render services to others, and in turn we purchase articles made by others or employ their services. We are all consumers and we are producers if we are worthwhile American citizens. Let us take the matter of iron ore. It is made into pig iron, then into malleable iron, and later into steel. Process succeeds process in great number. The first user is a producer and the next is a consumer, and then he becomes a producer and the next in turn is a user, and consequently everyone in turn is alternately a producer and a consumer. Where along the line will this consumers' counsel appear?

We, all of the people, are the public. Everyone in the district I have the honor to serve, whether he raises wheat or hogs or sheep or grain or makes a manufactured article or renders a service, is an ultimate consumer. There is no such thing as an ultimate consumer who is not also a producer, because he must produce in order to consume. Where along the line will this expensive public servant come in? He is to have a staff of officials such as he may wish to select. He is to advise the Tariff Commission about the making of investigations. Since when has anybody found that the Tariff Commission does not understand its own business and does not know where, how, when, and by whom to have the necessary investigations made? Of this great body of ultimate consumers referred to, when has any one of them appeared to you or to the committee or to anyone else to ask for such an official? Who has demanded that they be given this kind of assistance before the Tariff Commission? We heard nothing of that at all. It is a piece of legislation taken out of the blue sky, to create an office that nobody has asked for, nobody has demanded heretofore, and for which nobody has heretofore found any need.

The last observation I wish to make concerns the proposed permanent international economic conference. The last provision in the bill seems to me to be a very dangerous one. Here is a permanent commission. Its character

organization, and powers are sketchy, to say the least. Does it intend that when a person is once appointed to that commission he remains upon it during his lifetime? The bill does not state. Does it mean that if he does not represent the country in the proper way he can be removed? The bill does not state. It does not state how much he should receive, how long he shall serve, what his powers are, or what the total cost will be.

Representatives from this country are to join the representatives of different nations in a permanent international economic conference. They will set the stage as much as we, and, because of their numbers, probably have a greater influence in determining how that conference shall operate.

The bill contains one worthy provision. I am glad to find one; that is, that our conferees shall not discuss the debt question. The Republican Party is irrevocably pledged not to submit the debt settlements again to consideration, to scale them down, or to rescind them. But let us see what will happen. The conference is to discuss international economic questions. Revenue is an economic question for every state. The sources of revenue are economic questions for every state. The conditions under which trade can be carried on, exchanges of goods, and the settlement of trade balances are economic questions. The payment of indebtedness is a very painful economic question, I think you all will agree.

There is no question that has so engrossed the minds of the people of Europe as relief from taxation; and the proposal they have in mind, although their governments have never officially presented that to us, is that they can secure relief from taxation by obtaining some arrangement with the United States to either rescind or diminish the payments they are to make to us. Do you think that any European representative sitting in an economic conference with our representatives would courteously abstain from mentioning that most important matter? They dare not. Their people demand it. The people of France almost prevented, by their action toward their Premier, the conclusion of certain agreements in which we and the world were very much interested. Their people would demand of their representatives, and they in turn would demand of ours, that we take into consideration this debt question. Our members would have to sit there dumb and silent, hearing but not answering. The situation would be intolerable. The Americans would be confronted with arguments and resolutions concerning the debt settlements which they must decline to consider. To make no reply would be considered unkind. Yet, at the same time, it is we who have asked this international conference and set this kind of a stage for the embarrassment of the American people and the American Government.

What is the wisdom of that action? The proposal makes special and repeated mention concerning the making of treaties on trade and tariff. It is to put our trade and tariff questions in the hands of this economic conference. We have always insisted that the protective tariff is a domestic question.

Washington said, in substance, "Let us mind our own affairs and wish well to all the world." Today our line of safety with the present condition in the economic world is to continue to mind our own business, which we have so successfully done in years gone by. Americans alone have at heart the best interests of this country and her people.—*Extracts, see 4, p. 96.*

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Under the benign influences of democracy we rapidly rose to the place of umpire among the powers of the earth. By wise and resolute good faith we gradually established a public credit fruitful of marvel, which to the statesman of any other age would have seemed almost incredible. Prosperity was dispensed with liberal hand from the horn of plenty, and we became the arbiters of human destiny.

Then suddenly the scene changed. In place of prosperity we behold poverty. In place of humming factories and thriving commerce we are saddened with the sight of idle workshops, idle men, and idle money. Many countries have enacted retaliatory tariffs against us, with the result that our exports have fallen off over \$2,800,000,000 since the enactment of the Hawley-Smoot tariff law. Is there any wonder that there has accumulated in our warehouses a tremendous surplus of manufactured articles and agricultural commodities for which there is no market here in America or elsewhere? Is there any wonder that many plants are moving to foreign countries and thereby building up the industry and wealth of those countries and furnishing employment for their workingmen? In Canada alone, according to a report made to the Senate, dated January 20, 1931, the Secretary of Commerce reported that the number of American-owned branch and subsidiary manufacturing plants in Canada in 1929 was 467, with an investment of \$513,864,000. On September 17, 1931, the number of such American-owned plants in Canada at that time was 1,071, with a total capital investment of \$1,189,594,000. In England recently there was much rejoicing because the papers announced that in one section alone 40 American-owned plants were being established.

It is, therefore, high time that our tariff should be taken out of politics and established upon some scientific and systematic basis. Under the present law the Tariff Commission reports to the President proposed changes in classifications, or the basis of values, or rates of duty within a limit of 50 per cent, above or below, those provided for in the law. The Tariff Commission must make its report to the President, and not to Congress, and the President alone has the right to act upon the recommendations of the commission and to increase or decrease the tariff rates, as he sees fit. The President should never have been given this power. The power to fix tariff rates was vested by the Constitution in the Congress of the United States, and the Congress should never have delegated this solemn duty to the President. It was a dangerous precedent, involving the centralization of power and authority in the hands of the Executive, to the detriment of the legislative branch of our Government. But under this bill the President must, upon receipt of the report of the commission, promptly transmit the report to the Congress with his recommendations, if any, with respect to the increase or decrease in duties proposed by the commission. It then becomes the duty of Congress to make such changes as circumstances may require. This bill, therefore, restores to the people the power that was improperly, and contrary to all the principles of democ-

racy, vested in the President. Under an incompetent President this power could be exercised to incur favors and strengthen not only himself but the party that he represents.—*Extracts, see 5, p. 96.*

by U. S. Representative Glover

THE Democratic Party, with which I am affiliated, has always been an advocate of a reasonable tariff. The present tariff bill was not written in the interest of the whole people of the United States but is so framed that it gives special privileges to certain classes which makes it exceedingly hurtful to others. What the United States needs is a well-balanced and properly adjusted tariff bill, which would give proper consideration to all persons affected thereby.

The present tariff act has practically built a wall around the United States so high that other nations cannot get in to trade with us, nor can we under the retaliatory measures passed by them trade with them. I wish it were possible that we could rewrite this tariff bill of 1930 and make it the bill that it should be, but with the House in control of the Democratic Party and the majority of the Senate and President being of the opposite party it would be impossible to effect that legislation now. But we hope before the close of this year that this condition will be changed and that we will have a majority in both Houses of Congress, and a Democratic President who will not hesitate to sign a just and equitable tariff bill to affect all of the people alike and not one in the interest of special classes and a favored few.

Section 336 of the tariff act of 1930 is one of the most dangerous provisions in that bill. It gives the President of the United States the power to raise or lower tariffs 50 per cent. This is too much power to place in the hands of any one man regardless of who he may be. With this provision in a tariff bill the public is kept constantly in fear as to what tariff might be raised or lowered, by this power, and it already has very materially hurt the business interests of our country.

The bill now before us provides that the Tariff Commission, on its own motion, will upon application of any interested parties, showing a good and sufficient reason therefor, investigate and ascertain the differences in the cost of production of any domestic article and of any like or similar foreign article. If the commission finds it shown by the investigation that the duty imposed by law upon the foreign article does not equal the difference in the cost of production of the domestic article and of the foreign article when produced in the principal competing country or countries, then the commission shall report to the President and to the Congress such increases or decreases in the duty upon the foreign article as the commission finds to be necessary in order to equalize such differences in the cost of production.

The bill further provides that any such increased or decreased duty may include the transfer of the article from the dutiable list to the free list or from the free list to the dutiable list, and also provides that it may make a change in the form of duty or a change in the classification.

This bill further provides that the report shall be
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by U. S. Representative Wood

THE only purpose of the first section of this bill is to destroy the effectiveness of the Tariff Commission. For example, let us take a practical application of its working. During the time of the Fordney-McCumber bill there were 38 reports made. Of that number there were 33 increases and 5 decreases. During the Hawley-Smoot bill there were 39 reports made, 12 increases and 17 decreases. Suppose all of those had come to the House to be considered by the House; you take no work away from the commission by reason of this bill. You require that they make the same investigation here and abroad for the purpose of ascertaining the difference in cost of production, and then, after they have made their report, submit it to the President and submit it to the House of Representatives. It is taken then to the Ways and Means Committee, and they consider each individual bill separately. How long that may require no one can tell. Then after that a report is made to this House, where there is discussion after discussion and political effort after political effort made; time consumed, if you please; and then is that all? No. Then it goes to another body of this Congress, where God knows there is no end of debate and no end of delay.

So I say instead of this being a measure for the purpose of promoting efficiency it is an effort at further delay.

Talk about getting the tariff out of politics; if this bill is enacted into law, it will get the tariff into politics deeper than it has ever been before. I have always thought that the tariff should be treated as an economic proposition and not as a political one. Under the existing law it is further removed from politics than it has ever been before. During the consideration of the tax measure in the Congress politics is played with reference to every schedule. Now that we have a commission that is supposed to be, and should be, free from political influence and actuated only by the desire to do exact justice to all concerned, changes can be made in existing schedules and the right made to prevail almost to a judicial certainty. In my opinion, there is no occasion for a new tariff bill in the next quarter of a century. Of course times will change, conditions will change, and there will arise necessity for changes in various schedules. These changes can be made without in the least destroying business, and tariffs either raised or lowered to meet the necessities of the hour.

Now there was much talk in the House during the present session about special interests. What are these special interests that are interested in the so-called reduction of high tariff, if we have a high tariff? What are the special interests that are asking that the tariff be lowered or taken off of many of our articles? It is the international bankers that you have heard so much against. It is the importer, with his self-interest. A few weeks ago Mr. Lamont, who is a representative of the United States bankers, in an article that was published in every paper in the Union, declared it was the duty of the United States to lower the tariff walls in order that there might be more trade between this country and foreign countries.

The gentleman from Illinois (Mr. Rainey, Democrat) confessed the whole fallacy of this proposal when he declared that they did not intend to offer any measure of relief, when he said, "You on the Republican side will not lower these tariffs, and we dare not."

Why do they dare not? The gentleman from Illinois answered that question by saying that it would bring disaster upon disaster; that this country would be flooded with importations if that were done at this time. There he stated a mighty truth. I want to say that if there ever was a time when the tariff walls should be raised higher, it is now. All of continental Europe, with the exception of one large country, has gone off the gold standard and is now using a debased currency. They are paying their labor in cheap dollars as compared with the gold dollars that the American laboring man is receiving. In consequence over there they are making their manufactured articles and purchasing their raw materials cheaper and cheaper all the while, all by reason of that debased currency. So in addition to our having to compete with the cheap labor they had over there prior to the present crisis we now have an extraordinary addition to that of competing with the cheap money with which they are paying their labor. So instead of lowering the tariff we ought to increase it in justice to the American manufacturer and the American laboring man.

It was further said by the gentleman from Illinois that what was desired was the opening of the factories of this country. I ask you: How are you going to open the factories of this country if you are going to lower the tariff and permit foreigners to bring their goods here and place them in competition with the goods manufactured in the factories of this country?

He said that what we should do is to give employment to men. How are we going to give employment to men unless there is employment in the factories? I want to say that every article manufactured on the other side and brought into this country for sale takes that much work from the American laboring man.

Yet that is the logic of the Democratic Party. They are running true to form. They intend eventually, if you please, to get back to their old free-trade doctrine, a tariff for revenue only.

Talk about our keeping out of foreign entanglements, could there be anything more likely to entangle us in the affairs of foreign nations than to permit such a thing as this to be done? The Republican Party has never attempted to enact a tariff law that would meet with the entire approval of any foreign nation, and I have no hesitancy in saying that it never will. If we were to grant the desires of foreign nations in framing our tariff laws, we would have to at the same time say to the laboring classes of the United States, "Arrange your conditions of living in accord with the conditions of living in foreign countries." To such a scheme the Republican Party will never consent.

There is another proposal in this measure which has more significance than appears on the surface. It is intended that there should be a consumers' counsel, whose business it is ostensibly to protect the interests of the consumer. Everybody knows that the consumer and the producer are so interrelated that it is hard to tell who is the consumer and who is the producer. In my opinion it would have been better to have denominated this coun-

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accompanied by statement of the commission setting forth the finding of the commission with respect to the differences in cost of production, the elements of cost, including the cost of production of respective articles as ascertained by the commission and any other matter deemed pertinent by the commission.

There is nothing in the present tariff act of 1930 that requires this finding to be reported to Congress where it should be reported, and where the Congress can act speedily on any matter pertaining to tariff without rewriting the whole structure of the tariff bill and disturb business conditions.

The bill further provides that the President upon receipt of such information from the Tariff Commission shall promptly submit the report to the Congress with his recommendation, if any, with respect to the increase or decrease of the duty proposed by the commission.

This bill further provides that any bill having for its object the carrying out in whole or in part the recommendations made by the commission in any such report shall not include any item not included in such report, and in consideration of such bill either in the House of Representatives or in the Senate no amendment thereto shall be considered which is not germane to the items included in such report.

With this provision just mentioned the Congress can very speedily correct any wrong that is found in any tariff schedule by the Tariff Commission.

This bill further provides that before any of these changes are recommended by the commission to the President and by him sent to Congress for its approval or disapproval, that the party proposing the change shall have a right to appear before the said Tariff Commission and that notices shall be given that hearings will be had so that this will give a reasonable opportunity for the parties interested to be present and produce evidence and to be heard before the Tariff Commission.

This bill further provides that in ascertaining differences in the cost of production that the commission shall take into consideration, as far as it finds practicable, the difference in conditions of production, including wages, cost of material, and other items in cost of production of like or similar articles in the United States, and in competing foreign countries and that it shall also take into consideration cost of transportation and other costs, in the principal markets of the United States, and the principal competing country or countries, and costs of reconditioning or repacking wherever incurred.

We saw in the writing of the last tariff bill an imperative need for the producer of raw material and the consuming public to have a part in the writing of tariff bills. The hearings conducted on the tariff bill of 1930 will disclose the fact that every interest having a special desire for an increase in tariff appeared before the committee with its shrewd representatives and gave testimony for increased tariff rates, and when the tariff bill was written they usually got their increase.

If the consuming public and the producer of the raw

materials had had a representative before the committee writing this bill the result would likely have been different.

With this provision written into this law, when the matter of increasing or decreasing tariff is submitted to Congress by the Tariff Commission, we then have a chance to hear both sides of the question made out before this fact-finding body, that can be relied upon, and thus an intelligent action can be taken on same by Congress.

If the Tariff Commission will immediately get busy on their own initiative and help reduce many of the high-tariff rates that we have now in that bill, and will recommend the reduction of the high tariffs in that bill, Congress then in a very short time could correct the evils of the bill and make it what it should be.

To my mind section 4 of this bill amending section 336 is very vital. It proposes the calling of an international economic convention.

If this bill passes with this provision in it, and the President of the United States will do his duty, and call this conference, we can soon interest enough of the great nations of the world with reciprocal trade agreements and relations to enable us to sell everything that we have to export at a fair and reasonable price.

The enactment of this bill would do more toward restoring confidence in the United States and in the world than any measure proposed by the President and we believe that it would open up the markets of the world where we could sell our millions of bushels of wheat, rice, and corn and our millions of bales of cotton that are lying now under a shed awaiting a market. If we could open up trade relations that would find a market for these products we would then give new cheer and comfort to the thousands of American people that are today wondering what the future is to be for them.—*Extracts, see 5, p. 96.*

by U. S. Representative Frear

I BELIEVE in the proposal for a consumers' counsel. I do not think that we should quibble over a \$10,000 salary. If the consumers' counsel is a good official his services to the country will be worth many times his salary. Here is what he will do, or what he ought to do. We have had this proposition up time and time again. I have always felt that a consumers' attorney is desirable before the Tariff Commission. He will be a sort of public defender. Someone says, Are we not all interested in the consumers? Yes. But I will take the average Member, Democrat or Republican, and I will prove to the Member himself that he is generally brought into the tariff proposition when acting in behalf of some constituent who wants a raise in schedule rates for the protection of his industry. He is not looking after the consumer, nor are we when acting for that constituent. Ordinarily, as we all know, these tariff rates are trades; it is a logrolling proposition, and it becomes so in spite of all that you can do when preparing a tariff revision. This consumers' counsel will be able to cross-examine witnesses and inquire into their interest in the result. He can test the methods employed by the experts and assist materially in the commission's investigations. I feel that

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sel the importer's counsel, whose business it would be to bear down upon, and not off, whenever opportunity afforded that need of tariff that amounts to protection to American industry and American labor. If there is to be a consumers' counsel, why not a producers' counsel? I dare say that the producers are in just as much need of someone to represent them before the commission as the consumer is. Let us suppose that the consumers' counsel undertakes to reduce the tariff upon milk or butter, and with the machinery that this bill gives him the consumers' counsel will have the right to summon all the witnesses he wants and create as much expense as he desires in order to accomplish his purpose and reduce the tariff upon these articles. Who is there to protect the producers' interest? In the trial of every lawsuit I ever had anything to do with there was counsel on both sides of the case to protect the interest of each side. It strikes me that this proposal is a thinly veiled attempt to destroy, as much as possible, the protection upon the schedule complained of and submitted to the commission as it may be possible to destroy. Much more good can be done by this Congress by turning our attention to the constructive proposals that have been submitted by the President of the United States to relieve as quickly as possible the distressed condition in which our country is now placed. This we cannot do by wasting time on such an ill-advised measure as the one which is now before us.—*Extracts, see 5, p. 96.*

by U. S. Representative Chindblom

THIS bill clearly would throw us into the maelstrom of European economics and politics. It is the first legislative proposal initiated and submitted to the present Congress by the new Democratic majority in this House. The country—and perhaps the world—has been expectantly awaiting the activities of the new power in this Chamber.

We have waited for this development, but when this bill came as the first fruits of their labor, I could not help being reminded of the old Greek proverb about the mountain which labored in great travail and brought forth a mouse. It would be interesting to recall the exact language of Phaedrus' fable. In translation it reads:

"A mountain was in labor, sending forth dreadful groans, and there was in the region the highest expectation, when lo! it brought forth a mouse."

This is the first great legislative policy commitment of the new Democracy. In the meantime, while the House was spending its time upon this useless and ineffective piece of legislation, the question of the raising of revenue to cover the deficit in the National Treasury was being held in abeyance, and other important measures.

But it was our duty, of course, to consider it, and

to me the duty was to argue its futility and its uselessness. Much has been said about the power of Congress to legislate upon tariff rates. When was that power taken from Congress? Does not that power exist today?

After this bill is passed, if it is passed, and if it becomes a law, what will be the result? Since March, 1931, the Tariff Commission has made 24 reports to the President. Those reports under this bill would have had to come into the House in December and it would have been the duty of this House to proceed to the consideration of those 24 items and to express its judgment upon them, if the purposes were to be accomplished that are claimed for this bill.

Is there any Member of the House who believes for a moment that the House would yet have taken up the consideration of any one of those 24 items? Is there anyone in the House who believes for a moment that it would be possible to pass any bills through the House or through the other Chamber which provided only for action upon a single item or a single set of items in our tariff structure? It is perfectly preposterous to imagine that this bill will furnish opportunity for any such relief as that. The result will be that the Tariff Commission will simply make investigations and make reports to Congress which will be pigeonholed in the committees of Congress, with the inevitable result that no action will ever be taken upon the reports of the Tariff Commission. Congress today has exactly the same power which it would have under this bill, and this talk about delegating power to the President or to the Tariff Commission is mere sham and pretense. There is no delegation of power. The power remains here, and if we want to exercise it we are free to exercise it at any moment.

Only two of the recommendations made by the Tariff Commission since last March have failed to receive the approval of the President, and the President might well conclude that an investigation which was instituted in July, 1930, and brought down to April or May of 1931, might not represent the true condition and that a new investigation should be made.

There is no reason and no necessity for this legislation at this time. We are simply emasculating the Tariff Commission. We are depriving it of all usefulness. The only purpose the commission will serve hereafter will be to procure information for Congress whenever Congress undertakes a general revision of the tariff.

The present Tariff Commission, I think, deserves the commendation and the praise of the Congress of the United States for the work which it has done and which it is doing, and there is no reason why Congress or this House should pass a vote of lack of confidence and lack of appreciation of the services of that commission.

This bill is directed at the Tariff Commission, because it deprives the recommendations and the actions of the Tariff Commission of all vitality, all force, and all usefulness, except that its reports shall be filed with some committee of the House.

Much complaint has been made that there has been too much disposition by the Government, particularly by our State Department, to confer with foreign governments and to send unofficial observers and representatives to conferences which have been held in the past; but every one of these conferences, every one of these activities, which in fact have not affected our policies or our national course in any way, would be bagatelles as against

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he will be of value if you have a competent man, and no one should be selected unless competent. But for the sake of argument let us admit that he may be of no value at all; that he fails to measure up to his job. Then why quibble over a matter of \$10,000, when we have millions of dollars involved before us every day? What is the objection to this consumers' counsel? I believe that he will be of value, both to the consumers and the commission, and have favored the proposal for a long time.

I took the floor upon the sugar items in the last tariff bill. I studied the sugar situation and had some familiarity with its relation to our islands, with their free shipments, as well as with Cuba. I could not find anything from the Tariff Commission on the consumers' special interest, because they did not know any more than I did about it. I had been to the various islands, and knew that free sugar was one problem to our continental industry, and that we had to import one-half of all we consume from Cuba.

With that situation in mind, we would have a man of whom you could ask for any needed information. You could ask him whether he can tell you something about the sugar question or the cement question from the consumers' standpoint and like questions that the consumer back in your home State who is building miles of pavement is interested in. Those are the people I would like to have appear before us and furnish us with the facts.

I will define the consumer in the sense I am now discussing it. A Member of the House is in favor of agriculture; he is a farmer. He will come to the committee preparing the tariff bill and say, "I want to have particularly what my constituents want, and what they want is particularly an increase in butter rates or an increase in the rates on cheese or in something else." His interest is enlisted by his constituent who needs or thinks he needs added protection. You never hear him going to the committee and saying his constituent wants a reduction in tariff rates. The consumer is rarely heard at such times.

But here is a consumer who says through the consumers' counsel to all Members, "I want a reduction in sugar rates," and the counsel gives reasons for that complaint. Today you never hear from the consumer on sugar or on other rates. We are all equally interested in the making of the tariff bill, but the consumers' voice is rarely heard. If you want to find out about the consumers' interest you would say to this consumers' counsel, "I want to find out about his interests as well as those of the producer." The experts connected with the Tariff Commission, about whom we have talked, are as human as we are. They differ in their judgments as we do, but let this consumers' counsel or defendants' counsel, as you choose to call him, come in and make his statement as all of the attorneys employed by the manufacturers and importers now do.—*Extracts, see 4, p. 96.*

THIS bill will make of the Tariff Commission a fact-finding commission as the servant of the Congress. Congress created the Tariff Commission for the purpose of gaining information in order to legislate intelligently. The travesty in any tariff law, I think, has been to delegate the authority with reference to the creation of tariff duties and tax legislation, to the executive department. I think it is contrary to the traditions of our Government, although the Supreme Court may have ruled that it is constitutional; still, as a traditional policy of our country, I, as one Democrat, and I think I voice the sentiment of the majority of my party, am opposed to the President of the United States enacting tariff duties or tariff schedules.

The Tariff Commission, under this law, will report to the Congress, and it can arrange those reports so that the Congress can legislate intelligently, following the report in their regular session. In my judgment, this will repeal, by implication, the flexible features of the tariff law. This bill will establish a consumers' counsel. The Tariff Commission is a judicial body, to hear the facts upon which legislation and rates shall be based. The manufacturer is always adequately represented before the commission, presenting statistics, data, and facts, but that great forgotten class, the consumers of America who pay the increased prices because of the tariff, not in the way of revenue that goes into the Treasury of the United States, but in the way of tribute that goes into the pockets of those who enjoy the privilege of high protection—this great unforgotten class of consumers will have a representative there to present facts that are gathered by the various organizations throughout the country that are interested in questions of tariff legislation. This is a concrete feature that is fair, that is just, and that will improve the administration of the law before the Tariff Commission. This law proposes to establish an international economic conference. When we are cognizant of the fact that following the Hawley-Smoot bill some 30 nations have enacted retaliatory tariffs because of our high duties, and, facing those barriers with our export trade, and knowing that if we lower our duties we are opening the way for those nations who may not reciprocate upon a mutual basis, appreciating this entanglement of our export trade, what more can be done than provide that the President shall call such a conference to consider those facts, in order that when the duties are lowered they shall be lowered upon a fair basis for most nations, so that reciprocal trade can be enjoyed and so that mutuality will exist?

We are not responsible for this present world situation with reference to the barriers in restraint of trade, but we are calling upon the President of the party who has created this situation to appoint an international conference that will help adjust the situations for which the present administration is responsible. If the President is sincere and if his party is sincere, he will appoint this conference with the idea of adjusting these rates between nations, and not as my friend from Michigan says, allow Europe to have a right to say what our rates shall be, but shall come into a conference around the table and shall reach an agreement under a treaty initiated by the President of the United States and ratified not only by the Senate of the United States but I believe also by this

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Chindblom *Cont'd*

the international conference on tariff questions to which it is now proposed we shall send delegates.

One gentleman claimed we had sent a delegate or a representative to some such conference. I want to state the facts with reference to that matter. In May, 1927, there was a conference at Geneva called the World Economic Conference. Congress made appropriations for the sending of representatives to that conference, and in pursuance of the action of Congress the President sent representatives there. Certain resolutions were adopted, and these resolutions were subsequently embodied in a formal treaty. This treaty was submitted in October, 1927, at Geneva to a conference for the abolition of export and import prohibitions and restrictions. We were represented there by our minister at Berne, Mr. Hugh Wilson, and a treaty was proposed and subsequently submitted by the President to the Senate of the United States. The Senate approved the treaty, ratified it and confirmed it, and in January of 1928 the treaty was signed by representatives of our Government. But those conferences had absolutely nothing to do with tariff rates. They related only to the question of the abolition of import and export prohibitions and restrictions, and it might interest some of the gentlemen upon the other side to know that in those negotiations and in those conferences we made a specific reservation in favor of our own production of helium gas; but the purpose was, if possible, to have removed some of the barriers which exist against importations and exportations throughout the world, none of which we have in our country at all, but which were growing very rapidly in Europe.

It is interesting further to know that European countries have had conferences with a view to setting up, if possible, some kind of machinery for agreeing upon tariffs. In the spring of 1930 the Customs Truce Conference was held at Geneva. We were not represented. We had nothing to do with it, but the purpose was, if possible, to establish a general tariff policy for Europe; and in northern Europe the Baltic States and the Scandinavian countries, including, I think, Holland as well, have sought to agree upon a form of truce in the matter of tariffs, all of which attempts have failed.

They cannot agree among themselves in the countries of Europe, and we propose—we who stand aloof from all these international arrangements and these international understandings—we propose to establish a permanent economic conference to which we would submit the tariff policy of the United States.—*Extracts, see 5, p. 96.*

by U. S. Representative Treadway

THIS bill is recognized as the first child of the so-called Democratic policy committee. It is not expected that an infant just born shall show much sense or judgment. But

the parents of the newborn babe watch its growth and development and look for anything showing intelligence in the little child. The parents seem to be delighted with its development, and if this first-born child is any indication of what we may expect in the future from the Democratic policy committee, the Republican side may safely congratulate the parents of this infant.

It seems to me that there are two outstanding features in connection with this so-called policy bill. The first is the utter lack of necessity for its introduction, and the second is the utter lack of evidence of its merit.

Some of us look forward with anticipation to a return of the Republican Party to power in this House. When that happy day comes I hope some of us will not be so forgetful as to overlook the manner in which this bill has come before the House. It was introduced on January 4, hearings completed, the bill considered in executive session, reported to the House, and on its way to passage before Saturday night, January 9—five days from birth to maturity.

Now, I greatly enjoyed the remarks of one gentleman who said in effect that this set a precedent for the future in the handling of bills. Well, if this sets a precedent of the future manner in which a tariff bill is to be handled by Congress, the Lord help us from the gag rule, to which the Democrats so fondly refer when Republicans were reporting a tariff bill requiring two years to prepare and present to the Congress. Set a precedent, doing away with politics, taking the tariff out of politics! Why, it does nothing but put it into politics, providing you adopt the present bill, which provides that all findings of the Tariff Commission must be referred back to Congress. That is one way the Democratic Party wanted to get the tariff into politics—introducing the idea that every item must come back to Congress. You will never have freedom from the tariff, no permanency of the tariff law, if that system is to be adopted by Congress.

I have asked specifically for answers to the direct question, "What rates in the act of 1930 do you Democrats say are too high?"

Has it been answered? No. I have been asking that question for a year of these people who tell about the 1930 tariff having too high rates and there has never been any specific reply made to that inquiry. Why? Because if any Member of Congress or any organization has any idea of the rate being too high or too low, he or it can appeal to the Tariff Commission, a fact-finding body. My genial colleague and intimate friend from Massachusetts, Mr. Connery, stated that he was the only Member of Congress who had applied to the Tariff Commission, and he got exactly what he wanted. In fact, he got so much in the original 1930 act that he voted for it. He has always been proud of it ever since, and we have been proud of him that he so voted.

The gentleman made two applications to the Tariff Commission for changes, one of them on turned boots and shoes of leather not specially provided for. He asked for a decrease from 20 to 10 per cent ad valorem. That was granted. The hearing was held and the date of the proclamation was December 2, and it was effective as of January 1, 1932.

He also asked for a change increasing from 20 to 30 per cent the ad valorem duty on McKay sewed boots and shoes of leather. This also was granted and was pro-

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Greenwood *Cont'd*

House in this kind of legislation which pertains to revenue. Is that allowing Europe to adjust our rates, or is it taking it up under the proper treaty-making powers of the Constitution in order to adjust matters?

This debate has been thrown into political channels. Republicans have said it had been the traditional policy of the minority party to build its prosperity upon a high protective-tariff basis. God forbid that we shall have any more degrees of prosperity measured by that kind of standard in view of the present situation of our country. If this be the measure of your prosperity, based upon superprotection, then give us some administration of the law that will look to a lowering of these rates.

This bill does not forestall the taking up of any tariff duty or tariff schedule. This provision looks to the administration of the law and those iniquities that have grown up through years in the enactment of laws such as those now upon the statute books. It is to adjust those iniquities that we are providing these administrative features.

They speak about the flexible feature taking the tariff out of politics. The flexible clause in the tariff law has existed for almost 10 years. Under the administration of Mr. Coolidge as President, he used the flexible feature a few times, but did we find, as the gentleman from Michigan says, that it took it out of politics?

When Mr. Hoover called a special session of Congress to enact the tariff law which would be for the benefit of the farmers, and which took up all of the industrial rates and schedules; for every dollar of benefit which they gave the farmer in the way of duties they took \$5 out of his pocket in increases of rates on manufactured commodities, and under that logrolling process that we all observed when the Hawley-Smoot bill was under consideration, can we say that the flexible feature of the tariff law has ever taken the tariff out of politics?

If there should be a rate on any particular commodity that should be adjusted, it should be done by Congress after hearing the fact-finding report of the Tariff Commission, which commission is the creature of Congress itself, and it should not alone report to the President.

If this bill contained no other feature except the repeal, by implication, of the flexible clause of the present tariff law, I would be glad to vote for it, because under the Constitution I do not believe that is a function of the President to create or alter tariff duties, but is a function which ought to be exercised by the representatives of the people, as the Constitution provides.—*Ext's*, see 4, p. 96.

Treadway *Cont'd*

claimed December 2, 1931, and became effective January 1, 1932. In one he wanted a decrease and in the other an increase, and through the action of the Tariff Commission the two things that he applied for were granted. Still, we are asked by this child of the policy Democratic committee to provide a "consumers' counsel." Who ever heard of such an absurd thing as providing such a counsel? Nobody knows who the consumer is, as the gentleman from Oregon, Mr. Hawley, so aptly stated.

A Member of the House, irrespective of party, can go before the Tariff Commission and secure a decision absolutely in accordance with his requests, provided they are found to be based upon facts. Is the consuming public being very seriously injured under such circumstances as these? There is another feature that I think we should touch upon: For whom does the American Congress legislate? I would like my Democratic friends to answer that question. I conceive that we are sent here representing the American people, and not some foreign nation that does not like our style of legislation or the kind of laws that we enact. Altogether too much reference and ridiculous statements have been made about our tariff and what it is doing in foreign countries. Let us investigate that a little bit. When the Smoot-Hawley bill was in conference several foreign countries, I think nearly 20, protested against certain changes that had been suggested through the official channels of the State Department.

In spite of such a protest, one of the representatives of the Treasury Department investigating tariff subjects abroad was offered a decoration by the Italian Government. That does not show any very great hard feelings on the part of the very country that we raise more duties upon than any one in Europe. The Swiss Government protested officially against the watch schedule. I claim that our American watch factories can make just as good a timepiece as can be made anywhere in the world, the only difference being that if you want the timepiece combined with a little jewelry, the hand labor in Switzerland can do it more cheaply than we can. Therefore, I say that when we rewrote the watch schedule and protected American industry, we were doing a duty by the employee and the employer. That we succeeded is evidenced by the fact that in the past six months the number of Swiss watches imported was less than one-quarter of the number imported in the first six months of 1930. That is the whole matter of this international relationship, and until we establish what is our own policy here at home, how can we enter into international negotiations having to do with a change in tariff rates?—*Extracts*, see 4, p. 96.

Summary of Arguments on Protection vs Free Trade

Protection

It is claimed that the proponents of free trade tend to a static view of society. They ask: What would be the result of free trade under conditions as we now see them?, rather than: In what way would free trade, acting upon the dynamic forces of society, change fundamental conditions? While the relatively immediate results of free trade might be beneficial—lowering of prices, destruction of monopoly, promotion of exports, etc.—what would be the result after several generations? Would not whole nations, for example, specialize on two or three branches of production, becoming thereby wholly dependent for necessities on others and so one-sided as to lead to deterioration of the social life? India has been cited as an example where lack of protection against foreign goods had led, in the past, to almost exclusive agricultural production, so that in case of crop failure in any district no other resource for the purchase of food remained and wholesale starvation became inevitable. Furthermore, it is asserted that any nation surpassed by others in all branches of production would be compelled to transport its remaining capital and population to those countries which had proved superior in the competitive struggle—an assertion which ignores the doctrine of comparative cost.

Diversified Industry

It is averred that protection, by introducing new industries and maintaining those that would otherwise be forced to discontinue, promotes diversified industry, and that diversified industry may increase the total output of the country, as well as favorably affect the social life of the nation.

Employment

It is said that protection makes employment by shutting out foreign goods and thus giving capital and labor encouragement to produce such commodities. Against this argument free traders assert that protection by cutting off imports, and thus the eventual payment for exports, reduces the foreign market so as to diminish the production and work depending upon export trade.

Home Market

Advanced by Henry Clay and originally designed to reconcile the interests of the agricultural South and West with those of the manufacturing North. It was maintained that the best market for agriculture could be insured by the building up of native industrial centers, thereby creating a home demand. It is also believed that such a market could absorb many diversified products whereas the foreign demand would be limited to relatively few staples.

Infant Industries

This argument emphasizes the dynamic element in economic relations. Without denying the utility of division and specialization of labor and the possible advantages to

Free Trade

FREE trade means that exchange between countries shall take place without measures that cause the domestic production of articles which in the absence of restriction would be imported. It does not mean that there shall be no duties and no restrictions. The imposition of revenue duties on articles that would not be made at home even after the duties have been imposed (on tea or coffee, for example) is not inconsistent with the principle of free trade. Neither is the imposition of duties on other articles, if an internal tax at precisely the same rate is levied on these articles when made within the country. (*I. W. Taussig.*)

This is the significance commonly attached to the term Free Trade in contemporary discussions. It should be remembered, however, that this is the popular and not an accurate use of the term. Thus the trade of Algeria with France, or of the Philippines with the United States is free, but it is not free with the rest of the world, although the restrictions imposed are not intended to promote production in Algeria or the Philippines. Earlier writers were more accurate in their use of the term and did not employ it merely in contradistinction to "Protection."

The idea of free trade arose as a remonstrance against excessive governmental interference with commerce, an interference that was especially marked in the seventeenth and eighteenth centuries. The idea was promoted by the Physiocrats and found more complete expression in the writings of David Hume and Adam Smith. A theory of international commerce which supported free exchange was further developed by David Ricardo, John Stuart Mill, and John Elliot Cairnes. Free Trade early in the nineteenth century became an active political question in England and in the fifties was finally adopted as the national policy. Its philosophy was widely accepted and became incorporated in the laws of a number of nations. England, Denmark, Holland, Sweden, and some Asiatic countries have been in recent years the main exponents of free trade.

The United States from 1832 to 1857, with the exception of the tariff of 1842, followed a policy of lowering her tariffs. Some reduction of the tariff also occurred under Democratic administrations in 1894 and 1913.

Germany turned toward a decided protective policy about 1879.

The principal arguments that have been advanced for free trade may be grouped under the following headings: Production and prices, Foreign trade, Social and international relations, Administration. Arguments against free trade may be found under the title Protection.

Production and Prices

1. Free trade permits geographic division of labor, and therefore greater production.
2. By diverting labor and capital into industries for

be gained when each branch of world production is performed by the most efficient agents. The argument still asserts that present conditions are not a correct criterion of conditions as they may be, and, furthermore, that among the most important factors of production are those that can be controlled and developed by organized voluntary action such as the State may exercise. On this general basis it proposes tariff protection for certain industries unable at the time being to meet foreign competition. Under protection it is believed that such industries can develop the organization, technique and capital necessary to meet a competition under which, undeveloped, they would succumb without protection. The infant-industries argument was used by Alexander Hamilton in his famous "Report on Manufactures" (1791). It was one of the principal arguments of Freidrich List. It is also claimed that initial protection may hasten such a development in equipment, technique, and competition that the final result will be a lowering of prices below those of the foreign product. There had been much discussion as to the stage of development as which protection should be removed.

National Independence

It is asserted that free trade leads to dependence upon other nations for essential supplies and that such dependence might be disastrous in war. This is an argument for the protection of selected industries, rather than for general protection. It applies not only to supplies used in war, but to the products of certain "key" industries, such as dyes. In rebuttal it is argued that a natural development of industries under free trade may lead in the end to greater military strength, and that interdependence will make for peace.

Attraction of Capital and Immigration

The introduction of a high tariff sometimes leads foreign producers to export their capital and establish branches in the protected country. The product, although the result of foreign capital and foreign workmen to a greater or less degree, is technically domestic and not subject to tariffs. For example, the McKinley bill of 1890 and the Dingley bill of 1897 in the United States, the Russian tariff laws of 1891 and 1903, the French tariff of 1892, and the Austro-Hungarian of 1906 were extremely favorable to the establishment of foreign branches in the tariff-levying country.

Vested Interests

The plea is made that after large investments of capital have been made in an industry and labor has been specially trained for it, the industry cannot be allowed to succumb to foreign competition without serious damage to the whole industrial and social system of the country. This is the broader view of the question, but many affirm that the proprietor, and even the workmen, have certain vested interests in an industry to which they have been invited by the promise and practice of protection to contribute their capital and labor.

Wages

The foreign manufacturer, it is said, pays less for his labor than the American manufacturer. Other costs may be practically equal; therefore, the total foreign cost is less than the domestic cost. Under free trade the American, in order to compete with the foreign producer, will

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which a country enjoys fewer natural advantages, tariffs tend to reduce production and to raise costs.

3. Free trade favors competition, and thus efficiency and improvement in methods.

4. Tariffs, by shutting off foreign competition, encourage the growth of trusts and monopolies.

5. Unavoidable revisions in the tariff cause uncertainty, and thus deter business and industry.

6. Tariffs frequently cause overproduction in certain lines.

7. Tariffs increase prices and the cost of living.

8. Tariffs, by increasing prices, reduce demand, and this has an unfavorable effect upon production.

9. Tariffs affect production adversely by increasing the prices of raw materials.

10. The protection rendered to the favored industries is really a subsidy paid by the consuming public, and frequently enables the manufacturer to sell abroad below cost, charging the difference to the domestic consumer.

11. Tariffs cannot benefit producers who must export their goods; thus they burden some industries in order to foster others.

Foreign Trade

1. Protective tariffs levied by one country cause other countries to raise barriers.

2. By preventing the importation of goods tariffs diminish the means of payment for exported goods, and thus weaken the foreign market.

3. By increasing home prices tariffs force foreign buyers to go to other markets where prices are lower.

Social and International Relations

1. Protective tariffs favor certain classes at the expense of others and thus create class animosity.

2. They put the legislative body under temptations.

3. Restrictive trade measures directed by States against their neighbors tend to arouse suspicion and ill will; this necessitates immense armaments and these in turn high taxes.

4. Free trade promotes international peace by strengthening commercial ties and removing arbitrary exclusion.

5. Protective tariffs do not operate equally among producers protected, those of low and those of high producing costs benefiting only accordingly.

Administration

1. With the continued greater specialization of production, tariffs become ever more difficult to formulate and administer and this gives increased opportunity for confusion and fraud, and produces delay and uncertainty with a bad effect upon commerce.

2. Tariff duties are costly to collect.

3. It is asserted that tariff rates cannot be accurately adjusted to industrial needs. There are thousands of varieties of articles entering commerce. This variety renders impracticable the application to all of an exact standard of protection, such as the equalization of foreign and domestic costs of production.

It is obvious that Congress cannot enumerate all the articles entering into commerce, much less can it bring

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The 72nd Congress « « Now in Session

Duration—March 4, 1931-March 4, 1933. First Session Convened Dec. 7, 1931, Recessed from Dec. 22, 1931 to Jan. 4, 1932.

In the Senate

Membership
Total—96

46 Republicans

1 Farmer-Labor

47 Democrats

Presiding Officer

President: Charles Curtis, R.
Vice-President of the United States

Floor Leaders

Majority Leader

James E. Watson, Ind., R.

Minority Leader

Joseph T. Robinson, Ark., D.

In the House

Membership
Total—435

213 Republicans

1 Farmer-Labor
3 Vacancies

218 Democrats

Presiding Officer

Speaker: John N. Garner, D.
Member of the House from Texas

Floor Leaders

Majority Leader

Henry T. Rainey, Ill., D.

Minority Leader

Bertrand H. Snell, N. Y., R.

Progress Made by Major Legislation

From January 22 to February 16, 1932

ALTHOUGH not drawn on strict party lines, as between Republicans and Democrats, the first major political battle of the current session of Congress was fought out on the floor of the Senate on February 16 when the LaFollette-Costigan bill appropriating \$7,500,000 to be given to the States, half to be expended on roads and other public works to create employment and half to be applied to direct aid, was defeated.

Opposed to each other were those Senators who favor Federal appropriations to meet economic depression and unemployment and those Senators who consider that these problems should be met by communities. Party lines were broken down completely and the bill was defeated by a vote of 48 to 35. Each of the major parties showed a majority against the bill.

Of the 42 Republicans voting, 27 voted against the bill and 15 voted for it. Of the 40 Democrats voting, 21 voted against the bill and 19 voted for it. The Republicans who voted for the bill are nearly all from Western States. Democrats voting for the bill represented all sections, with the West and South predominant.

All the regular Republican leaders and all the Democratic leaders opposed it, the latter after the Democratic substitute measure, providing that the proposed appropriation be for loans to the States instead of gifts, had been rejected.

Back of the defeat of the LaFollette-Costigan bill was that force, which, when applied in politics, is irresistible—the voice of the taxpayer. The clinching argument that stiffened the forces opposed to the LaFollette-Costigan bill was that the \$7,500,000 it appropriated would have to be raised by taxation.

Faced with the necessity of voting taxes to raise the money called for by the LaFollette-Costigan bill, a number of Senators who otherwise might have voted for it, joined the opposition and brought about its defeat.

The vote on the LaFollette-Costigan bill appears to indicate a determination on the part of both the Republican and Democratic leaders to spend as little money as possible in order to keep taxes as low as possible. Appropriation bills are being held down and all signs indicate a tightening up of expenditures all along the line.

Appropriations

FOUR of the annual supply bills have been reported from the House Committee on Appropriations. On February 16 three of them, the First Deficiency Appropriation bill, the Department of Agriculture Appropriation bill and the Interior Department Appropriation bill had passed the House, and the fourth, making appropriations for the Departments of State, Justice, Commerce, and Labor, was being debated. The three that had been passed by the House were before the Senate Committee on Appropriations.

As reported to the House all the appropriation bills showed marked reductions in appropriations of last year. The final amount of these appropriations, as amended by

the House and Senate cannot be accurately given until after the final passage of the bills.

Banking

ON February 16 the House passed the Steagall bill, H. R. 9203, extending the credit facilities of the Federal Reserve system. This measure is on the program of stabilization legislation generally agreed upon by Republican and Democratic leaders, and is designed to enlarge the service of the Federal Reserve system and is expected to increase credits in the amount of about \$10,000,000,000.

On February 19 the Senate passed the Glass bill, S. 3616, which covers the same provisions as the Steagall bill, but includes other features. It is expected that the differences between the two bills will be easily reconciled in conference unless the House accepts the Senate bill in toto, which is possible.

The next financial measure to be considered will probably be the home loan bill.

Chain Stores

ON January 5 Senator Gerald P. Nye, N. D., R., introduced in the Senate three bills, S. 2626, S. 2627 and S. 2628, designed to control chain industries. These measures include provisions making illegal the sale of goods below cost, except under exceptional conditions; classifying price discrimination as unfair practice; making all trade practice conference rules enforceable after majority adoption by the industry and approval by the Federal Trade Commission, and the creation of a Federal Trade Commission court to have jurisdiction in cases arising under the Sherman Anti-Trust Law and other laws dealing with restraint of trade. The bills were referred to the Committee on the Judiciary, which set hearings to begin on February 24.

Employment Service

ON January 6 Senator Robert F. Wagner, N. Y., D., introduced a bill, S. 2687, creating a Federal Employment Service to be operated in co-operation with the States. The bill which, with a few changes, is the same measure Senator Wagner had before the last Congress. It provides an appropriation of \$1,500,000 for the first year and \$4,000,000 for each fiscal year thereafter. The bill was referred to the Committee on Commerce.

Foreign Loans

INVESTIGATION by the Senate Committee on Finance of loans made to foreign governments by American financial concerns and the sale of the bonds of foreign governments in this country, conducted pursuant to a resolution offered by Senator Hiram Johnson, California, R., have been concluded.

After hearing a number of leading American bankers, the matter of American loans to Latin American governments was taken up by the committee, charges having been made that American concerns interested in oil and nitrates have, by virtue of loans made to Latin American Governments, become identified with politics in these countries and that some of these arrangements were made with the sanction of the State Department.

In reply the Department of State notified the committee that its policy in passing upon private loans to foreign

governments had been not to pass on the security or merits of the loans, the sole aim of the department being in the interests of the people of the United States.

The Department described four general situations in which it usually indicated its disapproval of such loans. These are:

First, where the loan evidently was for purposes which the State Department considered "unproductive";

Second, where the loan was for purposes of armament making or military expenditures;

Third, where the loan was for purposes of a monopoly or for assisting in establishment of a monopoly;

Fourth, where the loan was to be made to a country which had not yet definitely funded its obligations to the United States Treasury.

Following the conclusion of the hearings by the Committee on Finance, Senator Johnson introduced three bills for greater supervision by the Federal Government over foreign loans floated in the United States. These bills are S. 3350, requiring full publicity on all foreign loan transactions; S. 3351, to provide for more effective supervision of foreign commercial transactions, and S. 3587, prohibiting the flotation by any foreign country of loans in America if that foreign country is in default on its obligations to the United States. All three bills are before the Committee on the Judiciary.

"Lame Duck" Resolution

ON February 17 the House, by a vote of 335 to 56, passed S. Res. 14, by Senator George W. Norris, Nebr., R., providing for an amendment to the Constitution of the United States to change the dates of the meeting of Congress and of the inauguration of the President and Vice-President, popularly known as the "Lame-Duck" resolution. The Senate had passed the resolution on January 6 by a vote of 63 to 7. The resolution had passed the Senate seven times, but had always met with defeat in the House.

Under the provision of the Constitution providing for the adoption of amendments to the Constitution, three-fourths of the States, or 36 States, must ratify the resolution before the proposed amendment may become part of the Constitution. The President of the United States does not participate in any way other than to transmit the Senate resolution to the States through the Department of State. Under the provisions of the Norris resolution the resolution must be ratified by the requisite number of States within seven years to make the proposed amendment effective.

Backed by the Democratic leadership, the measure encountered little of the opposition that blocked it during the years that the late Speaker Nicholas Longworth led the fight against it.

The proposed amendment would have a newly elected Congress take office on January 4, following the biennial November elections.

At present a new Congress convenes in regular meeting 13 months after election, while defeated members legislate until the lame duck session ends, by mandate of the Constitution, on March 4.

All sessions of Congress would be unlimited under the provision. The President and Vice-President would be inaugurated on January 24, instead of on March 4, as at present.

While the Senate resolution provides that Congress convene annually on January 2 and that the terms of the President and Vice-President begin on January 15, its author, Senator Norris, is not opposed to the House dates. He has insisted only on two unlimited sessions to prevent filibustering.

Differences in the text must be worked out in conference and approved by both houses before the measure can be sent to the Secretary of State for distribution to the State Legislatures for ratification. Presidential approval is not necessary on proposed constitutional amendments.

A two-thirds majority vote was necessary for approval of the first basic change in the Constitution regarding Congress itself in 140 years.

Before final passage by the House, Representative Ramseyer, Iowa, R., succeeded in having the resolution sent back to the Elections Committee for inclusion of an amendment to require States to ratify within seven years.

Motor Buses

THE Senate Committee on Interstate Commerce is holding hearings on S. 2793, introduced by Senator James M. Couzens, Mich., R., Chairman of the Committee, for Federal regulation of passenger motor buses and trucks doing interstate business. Officials of the Interstate Commerce Commission, bus companies, the National Automobile Chamber of Commerce and other interested parties have appeared or are scheduled to appear before the Committee.

Recent reports to the Interstate Commerce Commissioners by its examiners instructed to study the bus problem recommended that buses and trucks doing interstate business be placed under the Interstate Commerce Commission.

It is expected that upon the closing of the hearings a bill will be reported from the Committee on Interstate Commerce, although it is possible that the committee may wish to have further investigations by the Interstate Commerce Commission or the Bureau of Public Roads of the Department of Agriculture as to the movement of interstate bus and truck traffic.

National Defense

ON January 5 Representative Joseph W. Byrns, Tenn., D., Chairman of the Committee on Appropriations, introduced a bill, H. R. 7012, to combine the Departments of War and the Navy into one Department of National Defense, with a Secretary of National Defense and an Assistant Secretary, each, for War, Navy and Aviation. In explaining his bill, Mr. Byrns stated that the budget estimates this year for the Navy were \$342,000,000 and for the Army, \$301,000,000 or a total of \$643,000,000 for National defense for the fiscal year 1933. By combining the two departments, he declared, great economy, coupled with increased efficiency through coordination, would be accomplished. The bill was referred to the Committee on Expenditures in the Executive Departments. Army and naval officers and the heads of the War and Navy Departments are opposed to the bill.

Oil

REPRESENTATIVES of the oil-producing industry, both those whose wells are in the United States and owners of oil wells in foreign territory, were heard

by the House Committee on Ways and Means during its hearings on tax revision on proposals for a tax on foreign-produced oil.

The committee is working on the tax bill and until it reports to the House no information will be available as to whether foreign-produced oil will be included in the items covered by the bill.

Philippine Independence

THE Senate Committee on Territories and Insular Affairs is holding hearings on the Hawes-Cutting Philippine Independence bill. Patrick J. Hurley, Secretary of War, who recently visited the Philippine Islands to gather first-hand information, appeared before the Committee and vigorously opposed the bill.

A special Philippine Commission is in Washington ready to present to the Committee the claim of the Filipinos for independence. Hearings will continue until all proponents and opponents of Philippine independence have been heard.

Prohibition

ON January 21, the Senate, by a vote of 55 to 15, defeated a resolution offered by Senator Hiram Bingham, Connecticut, R., asking governors to hold referenda to determine prohibition or anti-prohibition sentiment in their States. Eight Republicans and seven Democrats voted for the resolution. Against the resolution were 26 Republicans and 28 Democrats and 1 Farmer Labor.

In the meantime the subcommittee of the Senate Committee on Manufacturers which has been holding hearings on Senator Bingham's bill to legalize 4 per cent beer has concluded its work and will shortly report to the full committee.

On February 16 the House Committee on the Judiciary considered and rejected, by a vote of 14 to 9, two resolutions giving to each of the States the right to control liquor traffic within its borders. The two measures voted on, which were identical, were H. F. Res. 208, by Representative Linthicum, Md., D., and H. R. Res. 209, by Representative Beck, Pa., R., which propose an amendment to the Eighteenth Amendment which would give Congress the power to control the manufacture, sale, transportation, exportation or importation of liquor, but provides that such power would not abridge or deny the right of any State to regulate liquor traffic within that State.

Representative Linthicum, after the committee vote, announced that he would at once begin the preparation of a petition which, if signed by 145 Members of the House, will discharge the Committee on the Judiciary from consideration of the resolutions and have them brought before the House.

Under an amendment to the House Rules, adopted at this session, such a petition cannot be presented to the House until a Committee has been given 30 days in which to report the measure, which is the object of the petition. Mr. Linthicum stated he would begin circulation of the petition on February 25 and that if it is signed by the necessary 145 Members by March 14 he will bring it before the House for action. Under the rules, the House will then vote whether it shall consider the resolution. If it votes against consideration of the resolution, it may

not be brought out of committee by petition again during the present session.

The defeat of the Linthicum petition by the House is a foregone conclusion. Speculation among House Members is on whether Mr. Linthicum will be able to obtain the necessary 145 signatures to bring the matter before the House.

Radio

THE Senate, on January 9 passed S. Res. 129, introduced by Senator James Couzens, Mich., R., calling upon the Federal Trade Commission for a report on the use of advertising over the radio. The Commission promptly replied to the request by sending out a questionnaire to all radio broadcasting stations, calling for complete reports on the use of those stations for advertising; the amount of money charged, etc. It is anticipated that at least two months will elapse before the answers will all be received and several weeks longer before the report on them can be compiled by the Commission and sent to the Senate.

On January 21 the House Committee on Merchant Marine, Radio and Fisheries reported H. R. 7716, amending the Radio Act of 1927. The amendments cover the administrative features of the existing law. The bill was passed by the House on February 10 and in the Senate was referred to the Committee on Interstate Commerce.

Railroads

THE House Committee on Interstate and Foreign Commerce has under consideration H. R. 9059, introduced by Representative Sam Rayburn, Tex., D., chairman of the Committee, to amend Section 5 of the Interstate Commerce Act which covers the consolidation of railroad companies, by increasing the powers of the Interstate Commerce Commission for the control of consolidations. Hearings are in progress at which all interested parties have been called to appear.

If enacted into law, the Rayburn bill will give the Interstate Commerce Commission practically absolute power over all consolidations in which transportation companies or their holding companies are involved.

Taxes

THE Democratic members of the House Committee on Ways and Means are at work, as the *DIGEST* goes to press, on a tax bill. Full hearings have been held, but the provisions of the new tax bill, necessary to raise revenues to balance the budget, will not be known until it is reported from committee.

Unemployment Appropriations

By a vote of 48 to 35, the Senate, on February 16, defeated the bill offered by Senators Robert M. LaFollette, Wis., R., and E. P. Costigan, Col., D., appropriating \$750,000,000 out of the Federal Treasury

to be given to the States, half to be used for food, clothing and other necessities of life, and the other half for the construction of roads and the creation of work. Party lines were broken down in the vote. For the bill were 19 Democrats, 15 Republicans and 1 Farmer Labor. Against the bill were 21 Democrats and 27 Republicans. Senator James Hamilton Lewis, Illinois, D., voted "present," and of the other Senators present and not voting, all were paired for or against the bill. There were 4 absentees.

Unemployment Insurance

ON February 18 the special committee appointed by the Senate last session to study and report on unemployment insurance plans was still working on its report. The members of the Committee are Senators Felix Hebert, R. I., R., Otis F. Glenn, Ill., R., and Robert F. Wagner, N. Y., D. Senator Wagner has introduced bills providing for Federal participation in unemployment insurance, but they will probably not receive consideration until after the Hebert Committee makes its report.

Senators Hebert and Glenn have indicated that they favor amending the Federal revenue laws to permit tax exemption on funds set up by industry for unemployment insurance and that they may approve State compulsory insurance. They will, however, oppose participation in any manner by the Federal Government other than tax exemption. Senator Wagner is agreeable to tax exemption, but wishes to go further and favor general compulsory insurance.

World Court

SENATOR THOMAS J. WALSH, Mont., D., announced on February 18 that at the next meeting of the Committee on Foreign Relations, scheduled for February 24, he would ask for consideration of the resolution for ratification by the Senate of the protocol providing for American adherence to the Court of International Justice, or World Court. The protocol was sent to the Senate by President Hoover during the last session of Congress. A motion to report it from the Committee resulted in a tie vote and thus the motion did not prevail.

The Senate ratified a proposal to join the World Court in 1926, but wrote certain reservations into the proposal. These reservations were amended by the Governments participating in the Court by the adoption of the Hurst-Root formula, and the agreement as amended is the one now before the Committee.

It is expected that Senator William S. Borah, Idaho, R., chairman of the committee, and other opponents of American adherence to the Court, will not oppose reporting the resolution to the Senate because they are willing to have the matter voted on. The opponents claim they have more than the necessary one-third of the Senate votes to defeat the resolution and reject the proposal.

Students' Question Box

A Special Service for Subscribers

To care for the many questions coming to the *Digest* office from subscribers, "The Students Question Box" is herewith included as a regular monthly department. As many questions will be answered each month as space permits, on Congress and the Federal Government.

Q. Do the President and the Members of his Cabinet have the privilege of the floors of the Senate and House?
A. R.

A. Yes. The President and the Members of the Cabinet may go on the floor of either the Senate or the House whenever they desire. The President, however, goes only on formal occasions, as when the President desires to address the House or the Senate or both in joint session. President Hoover addressed such a joint session on the 200th anniversary of the birth of George Washington, February 22, 1932.

Q. Is the Speaker of the House forbidden at any time to occupy the Speaker's chair while the House is in session?
G. M.

A. Yes. When the House sits as a Committee of the Whole House on the State of the Union. Its function is then a super-committee, which passes on all legislation appropriating money before the House finally votes on it. When the House resolves itself into the Committee of the Whole, the Speaker designates a member to act as chairman. This chairman then takes the Speaker's chair and presides. The Speaker may occupy a seat on the floor of the House and participate in the proceedings in his capacity as a House Member.

Q. Is a committee of the Senate ever composed entirely of members of the same political party?
A. P. L.

A. No. The rules of both the Senate and the House provide that both parties be represented on committees. The party in the majority always names the chairman and a majority of the Committees. In the Senate, however, there are a few minority committees, the chairmanships of which go, by courtesy, to Senators who are members of the minority party.

Q. Does the Vice-President sit with the Cabinet at its regular semi-weekly meetings at the White House?
P. J. H.

A. The Vice-President's office does not entitle him to attend Cabinet meetings, but the President may invite him to do so.

President Harding inaugurated the practice in modern times of having the Vice-President attend Cabinet meetings. He invited Vice-President Coolidge to attend the meetings, which Mr. Coolidge did regularly while Vice-President. Vice-President Curtis usually attends the meetings of President Hoover's Cabinet.

Q. Must the Speaker of the House of Representatives be a Member of the House?
P. B.

A. No. The Constitution of the United States provides that the House "shall choose its own Speaker," but does not specify that he shall be a member. From the beginning of the First Congress in 1789, however, the House has always chosen its Speakers from its own membership.

Q. Is a member of the Senate or the House immune from arrest?
A. L. R.

A. Under the Constitution of the United States a Senator or Representative is immune from arrest while going to or coming from a session, but he is not immune from arrest at other times.

Q. Is a Cabinet post the highest Federal office to which a foreign-born American citizen may aspire?
N. O. C.

A. No. The Cabinet is not the highest office to which a foreign-born American citizen can aspire. The Cabinet is not provided for in the Constitution, but was set up by Congressional action. Cabinet officers, although they rank high, are actually and legally simply secretaries to the President. Congress can, by the passage of an Act, abolish the entire Cabinet. Such a bill could be passed by a majority vote, and if it were vetoed by the President, Congress could pass it over the President's veto by a two-thirds vote and the act would be final. An elective office is generally considered higher than an appointive office unless the appointive office is a judicial office of life tenure.

Foreign-born citizens may serve in the U. S. House of Representatives and the U. S. Senate. There are a number of foreign-born Members of the House today. There are four foreign-born Members of the Senate—Senators James M. Couzens, of Michigan, and Felix Hebert, of Rhode Island, both of whom were born in Canada; James J. Davis, of Pennsylvania, born in Wales, and Robert F. Wagner, New York, born in Germany.

These men were elected to the Senate by the votes of the citizens of their states. It is doubtful if any one of them, unless he felt certain of defeat at the next election, would give up his seat in the Senate to accept a Cabinet office.

Foreign-born citizens are eligible for appointment to the Supreme Court of the United States. A Supreme Court Justice is appointed for life. It is the highest award a lawyer can receive. Mr. Justice George A. Sutherland, now serving on the Supreme Court, was born in England. He is from Utah and was elected from that state first to the House of Representatives and later to the Senate.

William Howard Taft, an ex-President, gladly accepted appointment as Chief Justice of the United States. The present Chief Justice, Charles Evans Hughes, was the Republican candidate for President of the United States in 1916.

How Uncle Sam's Laws Are Made

Series by Norbome T. N. Robinson

The following article is the second of a series of consecutive articles in which all phases of House and Senate procedure will be described. The articles are being prepared with the aid of the leading parliamentary authorities at the Capital, including members of both the Senate and the House and officers of those two bodies.

AFTER a bill has been introduced in the House, given a number, given a committee reference and duly recorded, it is sent to the Government Printing Office to be printed. When printed copies are received by the clerk of the committee to which the bill has been referred, the bill is placed on the list of bills before that committee and is then ready for consideration by the committee.

Bills and resolutions are nearly always referred to by number. They are numbered in the order of their introduction and entered by number on all records. For example, on January 8, 1932, Representative G. E. Campbell, of Pennsylvania, introduced in the House a bill to authorize the construction by the Board of County Commissioners of Allegheny County, Pennsylvania, of a free highway bridge across the Monongahela River between the City of Pittsburgh and the Borough of Homestead, Pa. This bill we picked out at random from a group of bridge bills because it is a clean-cut actual sample of the average bridge bill. When this bill was picked up by the bill clerk he stamped it "H. R. 7225." It was given the number 7225 because it was the 7225th bill that came into the clerk's hands and was thus numbered automatically. The "H. R." stands for "House of Representatives" and means that H. R. 7225 is a House bill.

If it had been a House Resolution it would have been stamped "H. Res."; a House Concurrent Resolution, "H. Con. Res."; a House Joint Resolution, "H. J. Res." The difference between bills and resolutions will be described later.

When Mr. Campbell's bridge bill reached the Committee on Interstate and Foreign Commerce from the Government Printing Office it was a single sheet of white paper eleven inches long and seven and a half inches wide. On the face of this piece of paper, at the top, was printed "72nd Congress, 1st Session, H. R. 7225," which means that the bill was introduced in the first session of the Seventy-second Congress and that it is a House bill as distinguished from a Senate bill. The bill also carries on its face and on its back the date of its introduction, the name of its author, the name of the committee to which it was referred and a brief statement of its purpose.

Later, as it is reported from committee and passed by the House and Senate, reprints of a bill are made carrying additional dates marking its progress and status.

As soon as the clerk of the Interstate and Foreign Commerce Committee received copies of the Campbell bridge bill, he mailed a copy each to the Chief of Army Engineers and the Chief of the Bureau of Public Roads of the Department of Agriculture. The reason for this action is that the Monongahela River is a navigable stream and, as such, is under the control of the Federal Government even though at Pittsburgh it flows only through Pennsylvania territory. The engineer corps of the army attends to all matters relating to the dredging or bridging of navigable streams and before the Committee on Interstate and Foreign Commerce passes on a bridge bill it consults the army engineers because in their office are all the records of navigable streams. If they report that navigation will not be interfered with by the construction of the proposed bridge and that there are no other objections, the committee knows that the project has been gone into by experts and the interests of the Federal Government have been duly considered.

From the Bureau of Roads of the Department of Agriculture the Committee receives a report on whether the terms under which the proposed bridge is to be built are in accordance with the provisions of the Federal Highway Act, which was originally passed in 1911 at the time Congress first began making appropriations out of the Federal Treasury to assist the states in road building. Under this Act all bridges on highways receiving Federal aid must be free highway bridges as distinguished from toll bridges, and there are certain regulations as to approaches, etc. The construction of toll bridges is frequently authorized by Congress but not on highways for the construction and maintenance of which Federal funds are used.

If both the Army Engineers and the Bureau of Roads report favorably on the bill, the committee is then ready to consider it. The bill is called up at one of the regular meetings of the committee along with other bridge bills, and if no objection from any other quarter has been made, the bill is ordered reported to the House.

But suppose a number of citizens of the town or country in which the proposed bridge is to be constructed are opposed to the building of the bridge at the designated locality? We will assume that the county or town officials have approved the bridge but subsequently opposition has arisen.

It may be too late for the opposition to voice itself to the county authorities because they have already formally gone on record in favor of the bridge. The appeal of the opponents of the project then lies with the Congress of the United States, which is still to give its authority for the building of the bridge, and at this point the opponents fall back upon the Constitutional right of petition.

As a rule, in circumstances of this sort, they write the Member of the House who has introduced the bill and ask that he arrange for a hearing before the committee. In most instances the Member has introduced the bill at the request of the county or town authorities. If there is any doubt as to public opinion in the locality affected, the Member, as a rule, is perfectly willing to have the

two sides thresh the matter out. But even if he believes the local authorities to be right, he is not apt to oppose the request of the opposition for a hearing. But if he does, the opposition may appeal direct to the chairman of the committee and if their appeal seems based on anything like sound grounds they will be given a hearing.

A day is appointed for the hearing and both sides are notified. Usually, in the case of a large and busy committee, the hearing will be conducted by a subcommittee, appointed for the purpose by the committee chairman. This subcommittee hears both sides and reports to the full committee its findings.

If the opposition presents arguments strong enough to convince the committee that the bill should not be passed, the committee may either report the bill to the House with recommendations that it do not pass, or may merely lay it aside without acting on it. If the committee reports against the bill it makes what is known as an adverse report. If it lays the bill aside in committee without further action, the action is called "pigeon-holing" the bill. This term comes from the old-fashioned desks with pigeon holes, wherein papers were put away and forgotten.

Sometimes a Member, when a sharp controversy arises in his district over a bill he has introduced, voluntarily withdraws his bill and declines to reintroduce it until such a time as the conflicting interests become harmonized.

But, if the opposition does not make out a strong enough case, or if there is no opposition at all, the bill is favorably reported by the committee and placed on one of the House calendars.

The House calendars, which will be described in detail later, are lists upon which bills are placed to await their turn to be considered by the House and voted on.

A bridge bill, as a rule, goes on the Consent Calendar. This calendar, or list, is taken up on the first and third Monday of each month. The bills are placed on it in the order in which they are received and must remain on the calendar for three days before being considered.

But sometimes a bridge bill is placed on the House Calendar, the choice of calendars lying with the author of the bill in this instance. The House Calendar is the calendar on which are placed bills of a public character not involving revenue or Federal money or property. The bridge authorized in the type of bill we are discussing is to be built at county or town expense and requires no appropriation from the Federal Treasury. Bills listed on the House Calendar are called up by the chairman of the committee from which they have been reported, each committee being called in regular order on certain specific days to bring up the bills it has reported.

In the case of the Campbell bridge bill, Mr. Campbell asked that it be placed on the House Calendar. It was favorably reported on January 14 and placed on the House Calendar. On February 1, when the House Calendar was being considered, the Campbell Bill, "H. R. 7225" was duly called up by Representative Rayburn of Texas, chairman of the Committee on Interstate and Foreign Commerce, which handled the bill. When the bill was called up by Mr. Rayburn, the Reading Clerk announced the number and title of the bill and then read its full text. Any questions concerning it were answered by the committee chairman, who, after whatever discussion occurred, called for a vote. The vote was taken and the bill was passed.

The bill then went to the Senate and was referred to the Committee on Commerce, which performs the same function for the Senate on bridge bills that the Interstate and Foreign Commerce Committee does for the House.

In the meanwhile, in order to save time, Senator David A. Reed of Pennsylvania had introduced in the Senate, Senate Bill 3083, or "S. 3083," which was identical with H. R. 7225.

The Committee on Commerce already had considered S. 3083 and had reported it on January 27. As soon as H. R. 7225 reached the Commerce Committee on February 2, the Committee reported it to the Senate. On February 5, the Senate took up the consideration of bridge bills on the Calendar. S. 3083 was on the calendar and when S. 3083 was reached Senator Reed arose and asked that H. R. 7225 be substituted for S. 3083, his own bill, since the two bills were identical. The presiding officer asked if there were any objection to the request of the Senator from Pennsylvania. There was no objection and the substitution was agreed to.

The Reading Clerk then read the House Bill, H. R. 7225, three times, Senator Reed then moved that the bill be passed and the Senate voted and passed the bill. The presiding officer then announced that without objection action of Senate Bill 3038 was indefinitely postponed. H. R. 7225 was then enrolled. This means that it was sent to the Enrolling Clerk of the House, who sends it to the Public Printer, who had one copy of it printed on parchment. This parchment copy then came back to the Enrolling Clerk, who checked it carefully with the original copy. The parchment copy was then signed by the Speaker of the House, who signs all bills first. It was then sent to the Senate where it was signed by the Vice-President or by the President pro tempore of the Senate, who has authority to sign bills in the absence of the Vice-President. The parchment copy then went to the House Committee on Enrolled bills and the Committee on Enrolled bills sent it to the White House for the signature of the President. If the President approves a bill he signs it. This task the President may not delegate to a subordinate. He must sign every bill personally.

H. R. 7225 was signed by President Hoover on February 10, 1932. Thus this bill, which was originally introduced in the House on January 8, made its entire trip to final passage through both Houses and to signature by the President in 34 days, including Sundays, when Congress was not in session. During this period there were five Sundays, which brings the time of H. R. 7225 down to 29 days.

The record of H. R. 7225 shows clearly the orderliness and celerity with which the National legislative machinery is capable of operating when no obstacles are encountered.

As soon as the President signs a bill it is sent to the Department of State which is the custodian of all Federal laws. From the Department of State it goes to the Government Printing Office, where prints are struck off. The original bill is kept at the Government Printing Office where the work of listing new legislation in the Statutes of the United States is done. When that has been accomplished the original bill, with the signatures of the Speaker of the House, the Vice-President, and the President of the United States, becomes part of the official archives.

In following the progress of a bridge bill, one of the simplest forms of legislation has been described. The measure was one of signal importance only to the community in which the bridge, which the legislation authorized, was to be built. No serious obstacles confronted

the measure as it progressed from introduction to final passage.

How highly controversial measures are handled and the many variations in legislative procedure will be taken up in detail in ensuing articles.

Protection, *Cont'd*

from page 88

be compelled to reduce the wages of his workmen. Therefore, protection is advocated. This argument is not used in Japan, Germany, and other low-wage countries, where it is replaced by arguments based on the superiority of highly-paid foreign labor. The free trade reply to the wage argument is that the higher-paid American workman, because of greater efficiency, actually entails cheaper labor cost than the low-paid foreigner. "It is precisely in those occupations where wages are highest in comparison with those abroad * * * that America is able to export successfully."

Free traders do not deny that under free trade certain industries would cease to exist. It is argued that the labor previously so employed, diverted into more profitable channels, would improve conditions underlying wages. It is further argued that relative wages depend chiefly upon relative natural resources, and that only a small part of American labor is in protected industries.—*Extracts, see 3, p. 96.*

Free Trade, *Cont'd*

from page 88

to bear upon each the knowledge of foreign and domestic costs necessary to determine what rate will equalize them. Resort is, therefore, commonly had to classes and subclasses of dutiable articles, of which there are many hundreds in the tariff act of 1922. Some particular article in each class is taken, perforce, as representative. As a result only a small percentage at best of the dutiable units, with their domestic and foreign costs and prices, comes under the actual observation of the rate maker. Much the larger proportion receives no itemized consideration and is included in classes.

It is argued that wholly unintended results may follow the employment of such class generalization; articles that neither are nor are likely nor intended to be produced at home may be inadvertently subjected to the payment of duties. The effect would be to discourage or prohibit a desirable importation. Again, other articles the limitation of whose import is sought are admitted freely.—*Extracts, see 3, p. 96.*

This Month's Contributors

David Rankin Barbee, Special Writer, *Washington Post*.
Henry Chalmers, Chief, Division of Foreign Tariff, U. S. Department of Commerce.
Hon. Carl R. Chindblom, U. S. Representative, Ill., Rep.
Hon. James W. Collier, U. S. Representative, Miss., Dem., Chairman House Committee on Ways and Means.
Hon. Martin Dies, U. S. Representative, Tex., Dem.
Hon. James A. Frear, U. S. Representative, Wis., Rep.
Hon. D. D. Glover, U. S. Representative, Ark., Dem.

Hon. A. H. Greenwood, U. S. Representative, Ind., Dem.
Hon. Willis C. Hawley, U. S. Representative, Oreg. Rep., co-author of Tariff Act of 1930.
Hon. Henry T. Rainey, U. S. Representative, Ill., Dem., majority leader of the House.
Hon. Reed Smoot, U. S. Senator, Utah, Rep., chairman Senate Committee on Finance.
Hon. Allen Treadway, U. S. Representative, Mass., Rep.
Hon. William R. Wood, U. S. Representative, Ind., Rep.

This Month's Sources

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- 2—Press Statement, February 28, 1932.
- 3—Dictionary of Tariff Information, issued September, 1924, by the U. S. Tariff Commission. Published by U. S. Govern-

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- 5—*Congressional Record*, January 9, 1932.
- 6—From Article in *The Washington Post*, Jan. 31, 1932.
- 7—From Article in *Commerce Reports*, February 22, 1932.

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